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THEORIES OF SOCIAL ORGANIZATION AND THE PROBLEM OF INTERNATIONAL PEACE

THE end of armed conflict is conceivable as the result of either of two achievements. Permanent peace may come either upon the establishment of successful means for the settlement of disputes or upon the elimination of the causes which produce disputes. This paper is limited to discussion of the second of these alternatives.

Specifically, the inquiry here undertaken deals with three subjects. The first is a statement of theories concerning the conditions which must be present in order to produce and to maintain relatively harmonious organization among men. The second is a brief inquiry as to the extent to which such conditions now exist among the peoples of the world. The third is the suggestion of a certain principle of action and of certain practical policies which, if adopted, would tend toward the ultimate establishment of relatively harmonious relations among the various divisions of mankind.

I

From a very early time two rival theories have been put forward concerning the conditions which must be present if harmonious organization is to exist. These two theories had even become crystallized into proverbs as early as Aristotle's time. Aristotle himself pointed out how some men lay down the proposition that "men who are like one another are friends: whence come the common sayings, 'like will to like,' 'birds of a feather,' and so on. Others on the contrary say that all such come under the maxim, 'two of a trade never agree.'" Again

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Aristotle quotes the philosopher Heraclitus that "contrariety is expedient" and that "the best agreement arises from things differing." Empedocles, however, is quoted in direct opposition as affirming that "like aims at like."

In modern theory the same rivalry between essentially the same notions appears; but the forms are modified. The modern economist, pointing to the successful operation of great business organizations, emphasizes the fact that differences among men permit division of labor and economy of production. He contends that when men perceive the utility of division of labor and the advantages of organization necessitated by division of labor, intelligent self-interest inevitably produces relatively harmonious organization—sometimes on an international scale.

On the other hand, the sociologist sees that harmonious organization is a fact among organisms that cannot possibly realize the utility of organization. Birds, cattle and various varieties of fish are gregarious. Bees and ants have elaborate organizations which exhibit variety of function and division of labor. In these examples, something which McDougall calls gregarious instinct is evidently sufficient to produce harmonious organization.

> The gregarious impulse of any animal receives satisfaction only through the presence of animals similar to itself, and the closer the similarity, the greater is the satisfaction. . . . Just so in any human being the instinct operates most powerfully in relation to, and receives the highest degree of satisfaction from, the presence of human beings who most closely resemble that individual, those who behave in like manner and respond to the same situations with similar emotions.

The sociologist, however, observes an additional fact. He sees that men deliberately choose to associate with individuals that are like themselves. He notes, for example, that Roman Catholics tend to admit to an organization that transcends national limits, only such persons as are alike in the holding of certain beliefs and in the observance of certain customs. He is impressed by the fact that resemblances in language, race, religion, habits and customs, when discovered to exist, produce

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a sympathetic relationship among the resembling individuals. Sympathy based on resemblance, he maintains, in large part determines who will coöperate, what kinds of things may be made the basis of organization and how far organization will remain local, or extend to world-wide limits.

In their modern form the two rival theories, then, are these: (1) harmonious organization develops out of men's differences when a recognition of the utility of organized effort exists; (2) harmonious organization develops out of men's resemblances because a strong feeling of sympathy and willingness to associate arises both instinctively and intelligently out of the very fact of resemblance.

II

It is now pertinent to inquire whether, as a matter of fact, either of these theories or both combined sufficiently account for the most important large-scale organizations that have existed among men. Slight reflection will suffice to show that history discloses very different sub-forms of the utility type of organization and that these forms differ greatly in stability and in harmony both from each other and from the sympathy form.

In large-scale organizations purposefully created because of their utility, history discloses few in which that utility, in its broader aspect, has been appreciated by all of the coöperating members. Only in organizations approaching a pure democracy has an approximation to such conditions been attained. In other forms of organization, force or reward has been employed to gain the coöperation of persons outside a limited number of organizers, who alone have appreciated the full utility of organization. Even in democracies, however, when population is too large for all to participate in government, it is possible only for the majority of the members of the organization to exercise control over general policies; executive functions are of necessity delegated. Thus three sub-forms of the utility type of organization are to be distinguished. They may be termed respectively the organizer-force, the organizer-reward, and the democratic-control-expert-executive forms.

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Brief analysis and appeal to history will serve to indicate the relative stability of these forms, both with respect to each other and to the sympathy type of organization.

Of the organizer-force form the slavery system and the militaristic empire are examples. Neither of these systems, however, has inherent stability. Both run the danger of revolt. The militaristic empire breaks down sooner or later because unlikeness of peripheral regions causes local patriotism to assert itself whenever there is possibility of success. Slavery does not survive the growth of intelligence. Governments of the organizer-force form, moreover, have to face the constant threat of revolution. If Germany be cited as a possible exception, the reply is, that special conditions have stimulated the loyalty of the Germans to their sovereign. Germany was unified but recently and then only by war. Her people have not yet wholly overcome the distrust of one another engendered by long-standing local differences. Germany has thus required a strong hand to create and to preserve her unity. In addition, the Germans, not altogether without reason, have believed themselves surrounded by hostile nations. These conditions sufficiently account for the exception. It must not be overlooked, however, that even in Germany there has been a growing dissatisfaction with the form of organization of her government. Thus the briefest examination of the organizer-force form of organization discloses the futility of expecting permanent international peace to result from an extension of this form throughout the world. Even in its local manifestations this form exhibits inherent instability and lack of harmony.

The organizer-reward form of organization also appears to have its own peculiar tendency towards instability. This was true of the feudal systems of the past, and is true of the great business corporations of today, both of which are examples of the organizer-reward form. In the feudal system the reward offered by the organizers in return for service was protection; in modern industry the reward is a money wage. In both cases, however, when subordinate members of the organization have been ignorant, there has been some tendency towards the exploitation as well as the utilization of such members. To the

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extent, however, that intelligence has developed, there has been less and less voluntary continuance of organizations whose utility has been thought by the subordinate members to be limited to one class in the organization. Force has been met by force. Since intelligence is increasing, it is not fortuitous that the great internal problem of advanced nations is the control of such exploitive industry as exists, while the great political problem of less advanced nations is the struggle for democracy. In both cases the struggle is to prevent the organizer-reward form from becoming the organizer-force form and to replace the instability and the lack of harmony of these forms by the greater stability and greater harmony of the democratic-control-expert-executive form. Far more than is the case in the other utility forms, the democratic form directs its policies with a view to the welfare of all its members. Minorities are represented on the executive staff. All members of the organization participate in control. The danger of dissatisfaction on the part of non-executive members is reduced to a minimum.

The most striking fact, however, with respect to the question of the relative stability and harmony of the various forms of organization is that the largest and the most permanent relatively harmonious organizations that have appeared among men are those great modern nations whose inhabitants live in a unified area of characterization and are essentially alike in language, race, customs, traditions and religion. Homogeneity in all these respects, it is true, does not as yet exist even on a national scale and there is certainly no prospect of such homogeneity on a world scale in the near future. These considerations must not blind us to the fact, however, that England, France, Spain, Germany, Russia, Italy, the Scandinavian nations, the United States, Japan and China—the largest and internally the most harmonious organizations yet known to man—are each composed of individuals the vast majority of whom are relatively alike in language, customs and traditions, and for the most part in race and religion. Nations that are markedly heterogeneous in the characteristics mentioned, such as the Austro-Hungarian Empire, the Balkan states and European

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Turkey, are notoriously unstable. Furthermore, the stability possessed by the various utility-form organizations that exist within or among the stable nations of the world is, in large part, the result of the stability and permanence of the nations themselves. The stability of all three of the utility forms thus rests upon the inherent stability of the sympathy type of organization.

III

If the foregoing analysis be correct, certain propositions of great importance for the problem of international peace may now be stated. First, nationality on the basis of sympathy is likely to persist for an indefinite period. Second, because of the ignorance of the inhabitants of a number of important nations, the organizer-force and the organizer-reward forms of government and of business organization are also likely to persist, for a considerable period, in various parts of the globe. Third, where the organizer-force or organizer-reward form of organization is superimposed on nationality, readiness to maintain harmony with other national groups can exist only when such international harmony is to the interest of the organizer class in each of such nations. Where the democratic-control-expert-executive form prevails, readiness to maintain harmony with other national groups can exist only when such international harmony is to the interest of each nation so organized, taken as a whole.

These propositions mean that, under present conditions, permanent world peace can be produced only if in the organizer-force and in the organizer-reward nations the organizer is less interested in personal fame than in the welfare of the whole organization, if the organizing class does not seek aggrandizement or if the organizing class is willing to permit a peaceful transition within the nation to the democratic-control-expert-executive form of organization rather than to seek perpetuation of its own control through foreign war. They mean also that such peace can be maintained only if democratic nations can be kept free from that trooping of emotion which sometimes suddenly sweeps vast bodies of men into unreasoning demand

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for aggressive action, and if the interests of such nations lead them to desire international peace.

Appeal to the facts of national organization today makes it only too apparent that these conditions necessary for permanent international peace neither exist now nor are likely to exist in the near future. Even if the most hopeful view be taken of the tendency toward elimination of the organizer-force and the organizer-reward forms of large-scale organization, and of the tendency toward the adoption of the democratic-control-expert-executive form by the nations of the world, it is doubtful if even democratic nations would always find international peace coinciding with their own interests and desires. Democracies have gone to war in the past. Moreover, wars waged by democracies have not always been the result of aggression from without. The Mexican, the Civil, and the Spanish-American wars are sufficient to prove the fact. Furthermore, democracies are not wholly free from the trooping of emotion. Still further, the tariff wars in which France and the United States have engaged on various occasions suffice to show that the economic interests of democracies, as well as of nations otherwise organized, may be divergent. With the increasing commercial competition of nations whose inhabitants maintain only a very low standard of living, the further development of exclusive economic policies is to be expected. When China and India have learned modern methods of production, their competition for the markets of the world will not be without influence on high-standard nations. Economic conditions of this sort may force even democratically-organized nations into war. Low-standard nations will not passively see themselves excluded from the markets of the world, nor will high-standard nations voluntarily lower their standards. In addition to this, it must be remembered that another cause of friction even among democratic nations may arise from population pressure. The United States has already excluded the Chinaman, and has a Japanese problem on her hands. At present, there is comparatively little threat of force to back the Oriental demand for outlet in order to lessen population-pressure. Oriental nations, for the most part, are not equipped to enforce such demands, and Korea and Manchuria are proving

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adequate safety-valves. Eventually, however, the pressure may become too great for even a democratically organized Orient —if such can be conceived—to refrain from relieving it by forcing entrance for its population into territory of high-standard peoples.

It is indeed true that important influences are at work to mitigate the rivalry of nations. The progress of invention is making possible the extraction of increasing amounts of utility from any given quantity of raw material; conservation policies are husbanding the wealth available for high-standard peoples; there are vast natural resources yet untouched; the lowering of the birth-rate throughout the world is tending to lessen the pressure of population for an outlet.

Nevertheless it is apparent from the preceding analysis that the nations of the world, as now constituted, cannot be expected always to reconcile their divergent interests without resort to force. The divergencies are likely to be too great at times for even arbitration to discover means of reconciliation.

IV

What then shall be said? Can no practical principles of action be discovered? Is the problem of producing a permanent international peace utterly hopeless?

Not so. For the analysis previously given points very definitely to the fundamental principle that will ultimately lead to a solution. That principle is this. *Let there be produced sufficient likeness among the peoples of the world, and harmonious organization based on sympathy will follow of itself.* If there be created a sufficient likeness among all peoples in ideals of progress, in the desire for the betterment of the entire human race, and in other equally important mental and moral respects, then world harmony, based on sympathy, will ultimately develop in the same way that the present harmony within homogeneous nations has resulted, in large part, from a sympathy spontaneously created by resemblance in race, language, religion and customs.

Already there is a world-wide interest in practical projects for human betterment. All ethical religions foster this ideal.

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The common people instinctively favor it. Many leaders of opinion are thoroughly imbued with the spirit of it. Already there is partial internationality in science—especially in medicine—on this basis, and a partial rapprochement of even the most divergent of religions. International congresses and junketing expeditions of great variety are held, and many undertakings requiring joint action by several nations have been successfully completed. The production of a mental and moral like-mindedness among the peoples (not the governments) of the world—a like-mindedness which transcends all difference of race, religion, language and customs—has thus begun on a considerable scale. In the language of sociology, there has thus begun on a large scale a common response to similar stimuli, a response which is both the resultant of common interest in human progress and a creator of that common interest.

It remains to multiply like responses of this sort until a mental and moral resemblance transcending resemblances of race, language, religion and customs develops among the peoples of the world, and until a resulting spontaneous and largely unpremeditated sympathy throughout the world becomes the supreme basis of human relations. When such conditions obtain, international peace will become as stable as the internal harmony of homogeneous nations is now. Temporary appeal to the interests of nations will of course be found expedient from time to time. The production of likeness in ideals for human betterment, however, and the furthering of projects that will create mental and moral likeness among the peoples of the world must become the fundamental and final principle of action for all who hope for a permanent, as distinguished from a temporary, international peace.

V

Now, therefore, we approach the practical suggestions promised at the outset. It should be said here, however, that the suggestions about to be made are intended merely as illustrations of the sort of thing which the fundamental principle requires. They are but a few of the possible practical plans which should be

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developed for the purpose of putting the fundamental principle at work.

Practical suggestions for the production of mental and moral resemblance throughout the world divide themselves naturally into two parts. First, those which by lessening differences in race, religion, language and customs, tend to produce toleration. Second, those which create new stimuli of a character calculated to evoke similar responses from the people (not the governments) of the world, and thus create like-mindedness in the people themselves. To some extent, the fact of increasing inter-communication is in itself producing toleration. The systematic encouragement of travel and of discussion, consciously intended for the production of toleration, is also having its effect. Projects consciously inaugurated for the systematic production of like-mindedness by the discovery of new bases of common interest and common response do not, however, seem to have been so well organized. Apparently in the inauguration of international undertakings, attention has been centered chiefly upon obtaining coöperation among national governments, or among particular classes of men in each nation. Possibly attempts to obtain a wide, common response to undertakings of world-interest by the peoples back of the governments have been few because the full significance of such attempts has not been recognized. Men may have shrunk from the inevitable outcome of such attempts, if successful, namely the ultimate establishment of a permanent central executive organization responsible not to the national governments, but to the peoples of the world back of all governments. That final permanent international peace can come, however, only on the basis of world-wide like-mindedness is the chief contention of this essay. If this contention is correct, advocates of international peace must not only adopt policies calculated to produce like-mindedness, but must not shrink from the endeavor to produce the central executive organization—the natural result of like-mindedness, and in itself, if established, a creator of like-mindedness.

From the standpoint of producing like-mindedness it is of comparatively small moment what one of a number of possible

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projects is used for the initial attempt. It is of supreme importance only that the project chosen should be the one most likely to succeed in evolving common response and coöperation.

The practical suggestions which follow, therefore, are based on these two notions: first, the desirability of creating like-mindedness among the peoples of the world on a plane above race, religion, language and customs; and second, the desirability of creating a central executive organization, so far as possible responsible to the peoples behind each national government, rather than responsible to constituent governments. They suggest action on the basis of combining the two most stable forms of harmonious organization, namely, the sympathy form growing out of like-mindedness, and the democratic-control-expert-executive form of the utility type.

VI

The first suggestion under the principles thus outlined is that there be established a world consular staff, to assume some at least of the functions of the present national consular services. The first duty undertaken by a world consular service would be to systematize, for the benefit of business the world over, such investigations as are now carried on in a somewhat haphazard way by each national consular service. By centralization, much duplication of effort would be eliminated and a much more comprehensive plan of investigation carried out. The results, as now, would be available for all business men of all nationalities. From the beginning, so far as possible, the chief executives of such a consular staff should be elected by the people of each nation, rather than appointed by governments—the purpose of this being to create in each voter the world over, some sense of participation in a world-undertaking, and to some extent a sympathy with other voters the world over. The cost both of the consular service and of the election of the executive officers of the service should be met, not by appropriations from national governments, but by a fixed percentage of the revenues of each nation. The usefulness of the service itself to all the people of the world would be, eventually, the guarantee that the contribution of this percentage would be maintained. Pro-

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posed changes in the percentage would ultimately have to be submitted to the voters of all peoples.

The suggestion as thus outlined is an ideal not likely to be soon realized, but it is possible that some beginning toward a world consular service could be provided for by the peace treaty to be signed at the close of the present war. Such a beginning might well be a provisional world-chamber of commerce, organized on the basis of constituent national chambers, the character and organization of which should be provided for in the treaty. The subject will hardly receive notice during the peace negotiations, however, unless, as the result of previous publicity and discussion, the possibilities of world organization latent in the proposition are fully realized.

The second suggestion for the production of world-wide like-mindedness is that there be undertaken a world investigation into the natural resources of the earth, and that a central world-conservation investigation commission be created. At the present time the conservation movement is organized on national rather than on world-wide lines, and the natural result is to strengthen local rather than international sympathy. The principle of scientific management would become much more effective if adopted from a world standpoint. Moreover, there is no reason why the results of a world-wide conservation investigation should not produce recommendations that, through appeals to the peoples back of the national governments, the governments themselves would be forced to heed. The machinery for the conservation investigation might develop out of the world consular service or become a part of the work of that service.

The third suggestion for the production of world-wide like-mindedness is that there be established a central bureau of advice and information on all "human betterment" projects. Thus far we have not advanced beyond the point of developing national bureaus of commerce and labor, hygiene, child welfare and other similar interests, and of holding "international congresses." A permanent world bureau would be far more systematic in the dissemination of knowledge of successful experiments. It would also tend to create world sympathy. With

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increasing prestige the bureau would naturally extend its functions to those of recommendation and advice to national and local governments.

The fourth suggestion is that there be established a permanent world commission on international migration. At the present time problems of migration, such, for example, as those of the Japanese and Chinese to the United States, are settled by the nations primarily interested, without recognition of the fact that migration is essentially a world problem in which all humanity has an interest. The local problems of migration that arise from time to time are but a part of an age-long movement of population which is gradually producing an equilibrium between density of population and natural resources in every part of the world. Movements between two nations, however, will never be settled on reasons other than local. A world commission would at least work toward a world-policy in this possibly the most important of world-problems.

The fifth suggestion is that these and all other projects for the creation of the world-mind and centralized organization be furthered by utilizing all the modern methods of the commercial "accelerator of public opinion," the publicity agent and the advertiser versed in psychologically efficient methods. There should be an adequate world-publicity service, the task of which should be to develop like responses to the proposed projects in the populations back of governments, and by publicity methods to develop that like-mindedness which is essential for world-wide organization on the sympathy basis.

The development of many other projects similar to those outlined above, it is apparent, would inevitably tend toward the production of one centralized organization with many departments. Separate world organizations for different purposes could not long exist without integration. The central organization would inevitably assume the duties of the international postal union; it would create a world monetary system; and it would assume the functions of an international court. With increasing prestige, such an organization would gain greater and greater moral power. Resting on like-mindedness in the populations back of national governments, it would ultimately

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develop a world-loyalty and find its recommendations enforced by the moral sense of the world. Force, except for local police purposes, would not be needed.

The final suggestion based on the preceding analysis is that the principle underlying these projects be adopted as at least one of the fundamental propositions for the guidance of peace negotiators at the close of the present war. Peace should be established not upon the basis of the interests of victorious nations alone, nor even upon the combined interests of victors and vanquished, but upon the basis of the future welfare of all peoples. The inauguration of policies for the production of like-mindedness might well be provided for in the peace treaty itself. National boundaries should not be set on a basis which will intensify national self-sufficiency and aloofness, but on a basis which will encourage inter-communication and the development of like-mindedness throughout the world. Moreover, the choice of national representatives for the peace negotiations should include men capable of taking the world-view rather than the exclusively nationalistic view. Representatives of the neutral nations should be admitted to the proceedings. A popular demand that these representatives be of the world-mind type should be created immediately by publicity methods. So far as possible, practical projects for the creation of the world-mind and world-organization should be provided for in the treaty of peace, and as a guarantee of good faith no indemnity other than a pro-rata contribution for the maintenance of these projects should be exacted. Provision should be made also for permanently meeting the cost of such projects, by agreement that a definite percentage of national taxes be set aside for the use of the world organizations created by the treaty. In short, an authoritative and intelligent beginning toward world-organization should be made at the close of the present war.

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PENNSYLVANIA'S APPROPRIATIONS TO PRIVATELY-MANAGED CHARITABLE INSTITUTIONS

THE constitution of Pennsylvania contains two interesting clauses not found in many of the other state constitutions. These deal with the granting of state appropriations to privately-managed or sectarian charitable or educational institutions. Article iii of the present Pennsylvania constitution, adopted in 1873, deals with the actions of the state legislature. Among the regulations and limitations set down for this body are the following :

Article III, Section 17. No appropriation shall be made to any charitable or educational institution not under the absolute control of the Commonwealth, other than normal schools established by law for the professional training of teachers for the public schools of the State, except by a vote of two-thirds of all the members elected to each House.

Section 18. No appropriations, except for pensions or gratuities for military services, shall be made for charitable, educational or benevolent purposes, to any person or community, nor to any denominational or sectarian institution, corporation or association.[1]

There must have been definite reason for the insertion of these very specific clauses, stating to the members of the legislature what they must and what they must not do. It would seem that the constitutional convention which discussed these sections and the electorate which incorporated them into their organic law had some clear idea of their meaning and of their need. It would seem that appropriations were forbidden except under very extraordinary circumstances and that under no conditions were certain types of appropriations to be made. We find, however, that although Pennsylvania is one of the few states which includes such prohibitions in her constitution, she is the only one that gives state money in large amounts and to a large number of privately-managed charitable agencies.

[1] The meaning of the sections under discussion has never been determined by the courts of the state.

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The emphasis in these sections of the Pennsylvania constitution, instead of stopping appropriations for these private purposes, seems rather to have encouraged them. Prior to the adoption of the new constitution, the legislature met annually. In 1871, seventeen privately-managed charitable institutions received $239,295. In 1872, the legislature appropriated to ten privately-managed institutions the sum of $365,686.24. For the two-year period ending 1913, the legislature of 1911 appropriated to two hundred and seventy-five privately-managed institutions the sum of $6,249,400. For the corresponding two-year period and for the same purposes, $604,981.24 had been appropriated for 1872-73. The number of institutions had increased over two thousand per cent in forty years; ten times as much money was appropriated. The evil that the members of the constitutional convention sought to combat was certainly small as compared with the pernicious developments indicated by the present figures. One-tenth of the entire revenue of the state is today being given to privately-managed institutions not under the control of the state. If it were the intention of the people of Pennsylvania in 1873 to limit the amount of the appropriations to institutions not under the absolute control of the commonwealth, what would be their consternation today if they realized that the state of Pennsylvania is actually allowing private persons and private corporations to spend one-tenth of its income.

It is not our purpose here to discover the reasons for the rapid increase of expenditures for this purpose. Various suggestions have been made: first, that the system was developed as an adjunct to the Pennsylvania "machine", so that individual communities could be "held in line" for the dominant Republican organization; second, that the practice of holding up the appropriations of the hospital "back home" was a club over the head of the individual legislator; and third, that the rapid increase of the appropriations to privately-managed institutions of purely local scope was a return to the corporations and to the local communities for the removal of certain taxable property from the field of local taxation. In all probability there is truth in all these explanations and there are very probably

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others that could be discovered. It is our desire, however, to discover the intent of the framers of the constitution and to learn whether their purpose has been violated.

The people of Pennsylvania apparently made an effort to stop an abuse which was just beginning. The abuse was not stopped, but has grown instead to proportions far beyond the conception of the people who framed and secured the adoption of this organic law forty years ago.

The constitutional convention was called as the result of the feeling in the state that it was necessary to remodel certain sections of the constitution, especially those which dealt with the powers of the legislature and with its procedure. The two clauses in question were made a part of the article which limits the power of the legislative branch of the government; the convention apparently desired to put a stop to various abuses that had grown up in the granting of appropriations. There had been numerous accusations of irregularities in the legislature preceding the calling of the convention. It was the desire to limit the powers of this body that created the demand for a new constitution. Ex-Governor Curtin, one of the leaders of the convention, said that "if the members of the legislature, as has been repeatedly said on this floor, are the corrupt men they have been represented to be, if one tithe of what is said in reference to them on this floor be true, it is indeed alarming . . ."[1] At a large meeting of citizens held in Horticultural Hall, Philadelphia, to urge the adoption of the constitution, a resolution was adopted of which the following is a part:

> Resolved, That this meeting earnestly recommend the adoption of the new Constitution.
>
> First. Because the Legislature are hereby restrained from employing their high public functions for those base purposes of mere private gain which the statute books and shameful experience prove has for many years been their chief occupation. . . .[2]

This was a representive meeting and many of the prominent

[1] Debates of the Constitutional Convention, vol. v, p. 274, c. 1.

[2] *The Age*, Philadelphia, Dec. 9, 1873, p. 1, c. 5. *Cf. Public Ledger*, Philadelphia, December 9, 1873, p. 1, c. 4.

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citizens of Philadelphia acted as vice-presidents. The "gang" was opposed to the constitution because it seemed to limit its power, but it was for just this reason that the so-called "respectable vote" supported the new constitution and secured its adoption. Colonel McClure, in his interesting reminiscences of Pennsylvania politics, states that

> This condition [private grafting] continued, varying only in degree until the adoption of the new Constitution . . . It is only just to say that since the enlargement of the Legislature there has been no instance in which anything approaching a majority of either branch of the Legislature has been open to venal purchase.[1]

That the purpose of the convention was to limit the legislation is shown by the following analysis of the constitution, made by the chairman of the convention:

> The article upon legislation is mostly new and is elaborate in its provisions. It contains a large body of limitations upon the legislature and regulations for its action . . . They are of high importance and will doubtless produce a decided effect upon the character of future legislation in this commonwealth. . . . Of the thirty-three sections of this article, fully three-fourths contain new matter and are well calculated to elevate the character and secure the perfection of future laws.[2]

The reasons for the introduction of these clauses appear to be four-fold: (1) to limit the power of the legislature, (2) to stop the grafting of individual legislators, (3) to do away with the excessive lobbying of private institutions and the development of charities simply for the purpose of obtaining state appropriations and (4) to abolish any possible connection between church and state.

1. The matter of charitable appropriations was brought to the attention of the convention by the introduction of a number of

[1] A. K. McClure, Old-Time Notes of Pennsylvania, vol. ii, p. 420.

[2] A Statement and Exposition of the Changes contained in the New Constitution of Pennsylvania. Signed by John H. Walker, President, quoted in A. D. Harlan's Pennsylvania Constitutional Convention, 1872 and 1873: Its Members and Officers and the Results of their Labors. Philadelphia, 1873, p. 164.

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resolutions. Resolution number two of the constitutional amendments that were suggested in convention read as follows:

Section —. No appropriation shall be made to any charitable or educational institution not under the absolute control of the State, except by a vote of three-fifths of all members elected to each House, on a call of ayes and nays.

Section —. No appropriation of public money shall be made to any denominational or sectarian institution, corporation or association for charitable, educational or other purposes.[1]

Resolution number thirty-three is as follows:

That all appropriations by the state to denominational or sectarian institutions be prohibited. That this resolution be referred to the appropriate committee for their consideration.

The question of appropriations to privately-managed charitable and educational institutions came to be considered one of the most serious problems before the constitutional convention. Almost two per cent of the proceedings of the constitutional convention is devoted to a discussion of these matters. From statements made on the floor it appears that the committee on legislation, to which these matters were referred, gave an enormous amount of time to their consideration. Hon. Harry White, speaker of the senate and chairman of the committee on legislation of the convention, made the opening speech on these subjects and led the defense of the sections. He felt that the clauses were exceedingly valuable and that they would eliminate much of the "log-rolling" which had been prevalent in the legislatures previous to 1873. He felt that a clear admonition was being given the legislature, and that its power to give away the taxpayers' money was being definitely limited. He also felt that the section dealing with denominational or sectarian institutions would cut at the root of a grave abuse, and one which the state could not under any consideration continue to countenance.[3] But the members of the convention felt that even

[1] Unbound pamphlet in Library of the Pennsylvania Historical Society.

[2] Debates of the Constitutional Convention, vol. i, p. 90, cc. 1, 2.

[3] *Ibid.*, vol. v, p. 272, cc. 1, 2.

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more important than the points mentioned by Mr. White was the need of limiting the legislature. The convention had been called for this purpose and it was essential that the public treasury be defended. ". . . We should . . . not throw open the treasury's strong box and bid the poor unfortunates throughout the state to walk in and help themselves, and such a course would bankrupt this commonwealth."[1] Some members of the committee which brought the clauses before the convention felt that a more stringent limitation should be made and that no appropriations should be allowed to any except absolutely state-managed institutions.[2] These private institutions were considered special and really personal matters of the founders. The state could in no way be held responsible. It was felt that a safeguard should be thrown around the treasury and that the legislature should not be allowed to waste the people's money indiscriminately.

2. One of the most interesting points developed in regard to the limiting of the legislature was the undenied statement on the floor of the convention that there had been actual graft in the matter of charitable appropriations. It was stated that in some cases, perhaps in all, ten per cent of the sums donated to these charities was kept out of the treasury and given to the lobbyist or to the members of the legislative committees.[3] In one instance it appears that one-half of the money appropriated was spent in obtaining the appropriation.

> The gentleman from Carbon [Mr. Lilly] has said that he believes it is a business to lobby for these bills at Harrisburg, and that the average price is ten per cent. I believe, sir, that the price is more than that. I know of a single instance myself where there was an amount of $8000 asked on behalf of a charitable institution to be appropriated by the legislature. It went to a committee of conference, and there the members of the committee were divided, and it became necessary, in order to get that item put through, that the man who was "engineering" for this charitable institution to pay $4000 to get the ap-

[1] Speech of Hamilton Alricks. *Ibid.*, vol. ii, p. 692, c. 1.

[2] Speech of Wm. B. Hanna. *Ibid.*, vol. ii, p. 641, cc. 1, 2.

[3] Speech of William Lilly. *Ibid.*, vol. ii, pp. 637–8.

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propriation made, and he paid it, as he alleges, and as I believe. The institution knew the money was coming, and as the slang phrase is, they "went back" on this man they had hired. He handed them $4000, and when they asked him where the rest of the money was, he said he had given it to the members of the committee on conference, and that he did not have it. They said it must be produced, and they sued him for it. It was afterwards paid for him by a request of one who was a friend of his and also a friend to the institution. . . .[1]

It is certain that the institution never obtained the money. When the head of the institution came to draw $8000, he was given but half and told that the other half had already been drawn.[2] Not only was there extravagant expenditure in order to obtain appropriations, but the "log-rolling" between members of the legislature was continuous. Groups of representatives were able to secure appropriations for a few institutions in various parts of the state.[3]

3. Statements in the constitutional convention which appeared to voice a growing feeling in the state pointed out that institutions were being actually formed for the purpose of obtaining appropriations. At the time of the adoption of the constitution, institutions were chartered by the legislature because there was at that time no general incorporation law for charitable organizations. The matter of granting charters by the legislature to new charitable institutions was abused as the legislature proceeded at once to grant them appropriations.[4] It was not only the deserving and honest privately-managed institutions that received state aid, but a number that were organized, so it was claimed, simply for the purpose of creating new positions and "making a splurge in the world."[5]

4. But by far the most important object in limiting charitable appropriations was to stop those to sectarian institutions. There can be no doubt that the constitutional convention was

[1] Speech of W. H. Smith. *Ibid.*, vol. ii, p. 637, c. 2.

[2] *Ibid.*, vol. v, p. 272, cc. 1, 2.

[3] Speech of H. G. Smith. *Ibid.*, vol. ii, p. 645, c. 1.

[4] Speeches of William Lilly and of H. G. Smith. *Ibid.*, vol. ii, pp. 637–8, 645, c. 1.

[5] Speech of William Lilly. *Ibid.*, vol. ii, pp. 637–8.

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certain of its stand on this point. In the "Address to the People" by the executive committee of the convention, just prior to the vote on the constitution, we find the following in an explanation of the content of the constitution:

> . . . The shortened legislative sessions; the prevention of reckless appropriations of public moneys, . . . by decreasing the expenses of the government, will greatly reduce taxation. . . . No state institution of charity is denied proper aid from the treasury, and private charities not sectarian, can by adequate vote of the legislature receive appropriations from the commonwealth. . . . Appropriations for denominational or sectarian institutions are prohibited according to the spirit of our institutions. . . .[1]

Even those members of the convention who favored appropriations to privately-managed institutions recommended a distinct separation of state and church and felt throughout that there should be absolute restriction of appropriations to denominational or sectarian institutions.[2]

On the final passage of this measure nine distinct amendments were suggested. Each of these would, to some extent, have let down the bars and left the matter of appropriations in the hands of the legislature. A number of these amendments sought to stop appropriations to denominational or sectarian institutions only when they were organized for a definite religious purpose and when their religious work was a tangible part of their charitable efforts. These amendments were in various forms, but the intent was the same and they were voted down with consistent regularity.[3] The constitutional convention was emphatic in its demand that a restriction be thrown about the legislature and that it be closely limited in the making of appropriations to privately controlled and managed institutions.

A summary of the various arguments is of interest. It was

[1] *The Age*, Philadelphia, December 8, 1873, p. 2, c. 2. *Cf. North American and United States Gazette*, Philadelphia, December 8, 1873, p. 1, c. 9.

[2] Speeches of Lin Bartholomew and of D. N. White. Debates of the Constitutional Convention, vol. ii, p. 688, cc. 1, 2.

[3] *Ibid.*, vol. v, p. 268, c. 2; p. 269, c. 2; p. 290, cc. 1, 2; vol. ii, p. 695, c. 2; p. 696, c. 1.

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stated that this country had stood throughout for absolute liberty of conscience and that there should never be any connection between church and state. Various denominations, if the bait of state aid were thrown to them, would seek to gain control of the legislature and be forced into politics.[1] State taxes were not collected for denominational purposes and the people of a state should never be taxed for the support of any religious activity.[2] It is absolutely impossible for any institution in control of a sect to be strictly non-sectarian in any of its efforts. It is almost impossible to keep religious work from entering into any other work that a religious or semi-religious corporation may undertake.[3]

Some members of the convention thought that the insertion of the clause forbidding such appropriations would be a direct insult to religious bodies. The majority, however, felt that the principle of complete separation of church and state must be maintained and that if these appropriations were allowed, the acknowledgment of some sect or sects could not be avoided. The fear that these clauses would be unpopular and that the adoption of the constitution would be endangered by them was not thought serious.[4] The convention was so certain of its position and so definite in its stand that it was decided that the appropriations to a sectarian institution should be cut off rather than to leave this loophole in the constitution.[5]

It was even argued that it would be detrimental to the institutions themselves if they were to receive aid from the state.[6]

Private giving is definitely decreased and people lose their interest in the work of an association if they are not asked to support it.[7]

There are specific fields of charity which the state should

[1] Speeches of Lin Bartholomew, *ibid.*, vol. v, p. 278, cc. 1, 2, and of Harry White, *ibid.*, vol. ii, p. 640, c. 1.

[2] Speech of Henry Carter. *Ibid.*, vol. v, p. 277, c. 2.

[3] Speech of Thomas Ewing. *Ibid.*, vol. v, p. 289, c. 2; p. 290, c. 1.

[4] Speech of Thomas Ewing. *Ibid.*, vol. ii, p. 662, c. 2; p. 663, c. 1.

[5] Speech of Thomas Ewing. *Ibid.*, vol. ii, p. 663, c. 1.

[6] Speech of John H. Broomall. *Ibid.*, vol. v, p. 277, c. 2.

[7] Speech of Lin Bartholomew. *Ibid.*, vol. v, p. 278, cc. 1, 2; p. 279, c. 1.

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control and there are certain persons who are undeniably wards of the state. Any money that the state desires to spend for charities should be used exclusively for the care and treatment of those groups of the unfortunate and afflicted for whom it is directly responsible. Because of the system of appropriations to private charities it becomes necessary for the state to neglect its own wards.[1]

There are certain great charities which peculiarly belong to the state, and which church or private charities cannot so well reach and manage; such as asylums for the insane, the blind, the deaf and dumb, and houses of refuge and other reformatory institutions. Add to these the common school, and while the necessity lasts, the soldiers' orphan schools, and there the state should stop. All other charities can be better managed by counties and cities, with their homes for the destitute, and by the different Christian denominations, with their orphan asylums, their homes for the friendless and the various other ways in which the true spirit of Christianity reaches out to relieve and bless mankind.[2]

The debates of the convention show very clearly that the members felt that a rapidly growing abuse would be stopped.[3] They thought that they had really succeeded in stopping practically all appropriations by inserting a clause which required a two-thirds vote of the members of the legislature.

I have listened, Mr. President, with a great deal of interest to the debate on this question, and if I gather correctly the sense of the House, it is to limit and restrain by constitutional provision that which would be dangerous and which is becoming an abuse. . . . It is to be observed that in the eighteenth section we have guarded with great care against appropriations being made unadvisedly and for improper purposes, by requiring that they shall be passed only by a two-thirds vote of both the Senate and the House. . . .[4]

[1] Speeches of D. N. White and of Harry White. *Ibid.*, vol. ii, p. 640, c. 2; p. 641, c. 1; p. 688, cc. 1, 2.

[2] Speech of D. N. White. *Ibid.*, vol. ii, p. 688, cc. 1, 2.

[3] Speeches of William Lilly and of Hamilton Alricks. *Ibid.*, vol. ii, pp. 637–8; vol. v, p. 287, c. 2.

[4] Speech of William H. Armstrong. *Ibid.*, vol. v, p. 288, cc. 1, 2. *Cf.* speech of H. G. Smith. *Ibid.*, vol. ii, p. 645, c. 1.

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The legislature would no longer be able to appropriate for "undeserving" charitable purposes, and each bill would be considered and voted upon on its merits alone.[1] They could no longer be made a part of the general appropriation bill, but would have to be considered as separate measures.

They were certain, moreover, that they had drawn a clear distinction between public and private philanthropy and had left the door open for appropriations to exclusively state institutions. They felt that the private institutions doing the work the state should do would soon come under the control of the state and in that way be entitled to adequate appropriations.[2]

The convention felt that it was not closing the doors to all appropriations, but was casting definite limitations around the legislature and making it impossible for any institution to receive aid unless it could command a very substantial support from the legislature.[3]

After the various amendments weakening the section had been voted down with absolute regularity we find the following clear statement of what the convention really intended to do, by one of the members who vigorously opposed the introduction of any constitutional limitations in these matters:

> We have seen enough this morning, Mr. President, of the temper of the convention, to be fully aware that the majority is determined to impose this iniquitous section upon the people of this commonwealth. I have no language strong enough to express my condemnation of the sentiment which prevails here today. I offer this amendment, not because I favor the section or the principle which it involves, but with the earnest, anxious hope that at least this much opportunity may be given for the expression of sentiments of charity and benevolence by the commonwealth. . . .[4]

The members of the constitutional convention undoubtedly

[1] Speech of Thomas R. Hazzard. *Ibid.*, vol. ii, p. 648, c. 1.

[2] Speech of Harry White. *Ibid.*, vol. ii, p. 640, c. 2; p. 641, c. 1.

[3] Speech of Wm. H. Ainey. *Ibid.*, vol. ii, p. 644, c. 1. *Cf.* speeches of Wm. H. Armstrong and of C. R. Buckalew. *Ibid.*, vol. v, p. 283, c. 2; p. 284, c. 1; p. 288, cc. 1, 2.

[4] Speech of S. M. Wherry. *Ibid.*, vol. v, p. 269, c. 2; p. 270, c. 1.

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felt that they had placed an insurmountable obstacle before the legislature and had cured the threatening evils attendant upon the granting of appropriations. In view of the rapid increase in the number of institutions receiving appropriations and in the amounts expended, it is interesting to inquire to what extent constitutional limitations are at present operative. This can best be done by an analysis of the present method of granting appropriations.

1. "Log-rolling." Lobbying for private appropriations, which the constitutional convention sought to stop, has persistently increased rather than diminished. Political influence is utilized to obtain appropriations.[1] It is openly stated that the members of the appropriation committees continually favor the hospitals and homes in their own districts.[2] At the session of 1911 the superintendent of one of the state-aided hospitals was a member of the legislature and acted as chairman of the appropriation committee of the house. "The McKeesport Hospital was the hospital that the chairman of the appropriation committee of two years ago was favoring, and it was very well taken care of, just as the Punxsutawney Hospital is being well cared for by the chairman who hails from that county this year."[3] One of the few appropriation bills to which there was objection in 1913 was that to a hospital especially befriended by the chairman of the house appropriation committee, in which case it was repeatedly stated that favoritism had been shown, and that the amount of money to be appropriated to this particular hospital had been raised in committee and sent out earlier than the other appropriation bills so that it might reach the governor before the others.[4]

The check which the two houses of the legislature are supposed to exert on each other in our present system of constitutional government is absolutely lost sight of in the making of private appropriations. The appropriations are worked out jointly by the chairmen of the appropriation committees of the

[1] *Cf. ibid.*, vol. ii, p. 636 ff. and *Legislative Journal*, 1913, p. 4815.

[2] *Legislative Journal*, 1913, p. 4816.

[3] *Ibid.*, p. 4344, c. 1.

[4] *Ibid.*, p. 4342, c. 1.

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two houses and are simply submitted to their respective committees for endorsement. We find the statement made by the chairman of one of these committees that ". . . the appropriation committee of the senate as well as of the house feels it expedient under the circumstances to make an appropriation . . . [it] was the consensus of opinion of the senate committee and also of the house committee, that this institution be given assistance at this time."[1] This is shown indirectly when we find that bills are reported out of committee in one house on the same day or the day following their final passage in the other. It is naturally impossible to suppose that each committee investigates the matter separately and considers it carefully on its own merits, as was intended by the framers of the constitution. The word of the first house considering a bill is taken on no measure except an appropriation bill, but if one of these is reported out of committee in one house it is practically assured of passage by both houses by the agreements of the chairmen of the two committees. In some cases this agreement leads to very rapid consideration of bills. In one instance a bill was introduced, reported from committee and read the first time on one day, passed second reading on the next and third reading the week following. It was sent to the other house and came out of committee at once and passed finally three days thereafter. Such a proceeding naturally makes incredible the claim of certain members of the committee that the appropriations are carefully considered by the committees of each house.[2]

2. The Work of the Appropriation Committees. It is difficult to obtain definite information on the inner workings of the appropriation committees. There is almost no documentary evidence to support statements that can be made. A sub-committee of the large committee visits each institution and knows about the conditions.[3] Moreover, the general committee has material presented to it and from this, together with the reports of the sub-committees, makes its recommendations of amounts.[4] But few members of the committee know about many of the

[1] *Legislative Journal*, 1913, p. 4359, c. 1. [2] *Ibid.*, p. 4215, c. 2.
[3] *Ibid.*, p. 3922, c. 1; p. 4215, c. 2. [4] *Ibid.*, p. 3960, c. 1.

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individual institutions and they rely largely on the opinion of the chairmen.[1] Ten members of a committee of forty are a quorum for the transaction of business. The result is that ten members can dispense the large revenues of the state[2] and, as will be pointed out later, any criticism of their methods or of the amount suggested is definitely resented. However, twelve to thirty members are usually present at meetings.[3] It was stated on the floor at the last session that at times insufficient notice was given of the meetings of the committee and, although the general statement was denied by the chairman, it was admitted that on one occasion at least, a bill had been reported without notice of meeting having been given.[4] The business of the committee seems to be conducted in a rather slipshod manner and there is complaint of continual mixing of various types of appropriation bills with consequent confusion of the members of the committee.[5] From the following statement it would appear that, at times at least, very little thought is given to some appropriation measures: "I am informed by one of the members of the appropriation committee that the statements made by the gentleman from Philadelphia, Mr. Scott, that it would look as if these bills were admitted without consideration, would appear to be correct."[6]

There has been grave criticism that the bills have been held until the last days of the session so as to preclude the possibility of opposition. The last days are exceptionally rushed and consequently it is deemed more expedient to hurry through the hundreds of appropriation bills without time for discussion.[7]

3. The Committees are Supreme. In spite of these criticisms of the methods of the appropriation committees, it is generally felt that the committees must be upheld. Their statement must be final.[8] The chairman not only resents any opposition[9] but feels that such opposition is a personal attack.[10]

[1] *Legislative Journal*, 1913, p. 4067, c. 1.
[2] *Ibid.*, p. 3675, c. 1.
[3] *Ibid.*, p. 3675, c. 1.
[4] *Ibid.*, p. 3674, c. 1.
[5] *Ibid.*, p. 3674, c. 2.
[6] *Ibid.*, p. 4489, c. 2.
[7] *Ibid.*, p. 4063, c. 2.
[8] *Ibid.*., p 3652, c. 1; p. 4342, c. 2.
[9] *Ibid.*, p. 3417, c. 1; p. 3425, c. 2.
[10] *Ibid.*, p. 4342, c. 2.

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Since the appropriation committee, or some of its members, have visited an institution, any discussion is out of place.[1] After the bills have been held until the closing days of the session the statement is made that it is "not fair to hold them up now"[2] and to discuss them. It is considered an unusual and very improper[3] procedure to delay the passage of an appropriation measure.[4]

> Here is an appropriation committee . . . which tries to tell us how this is going to be distributed, and when that recommendation comes in, it is our bounden duty to follow, to say "aye" to everything that has been recommended to us. We must close our eyes; we must close our ears, you must be blind and deaf, and all you have to do is go along.[5]

In one instance a senator in whose district a hospital was to be located objected to an appropriation being made to this institution, since it was still to be constructed. So strong is the precedent of supporting the appropriation committee, however, that in spite of the opposition of this senator the bill granting an appropriation to this institution passed the senate with only two dissenting votes.[6] The statement of the appropriation committee is apparently the last word. ". . . The information which the appropriation committee has given us and which they have ascertained after careful investigation" is never to be questioned.[7]

Any member who desires to have a bill carefully considered on the floor and does not wish to have the word of the appropriation committee taken without explanation is scoffed at and a mass of irrelevant questions are asked him.[8] It seems that whatever material is presented, the legislator in order to protect his own appropriations must "go along."[9]

It is considered by many members of the legislature that the

[1] *Legislative Journal*, 1913, p. 3429, c. 2; p. 3652, c. 1.
[2] *Ibid*, p. 4487, c. 1.
[3] *Ibid*, p. 3652, c. 2; p. 4214, c. 2.
[4] *Ibid.*, p. 4067, c. 1.
[5] *Ibid.*, p. 4343, c. 2.
[6] *Ibid.*, p. 4358, c. 2; p. 4359, c. 1.
[7] *Ibid.*, p. 4058, c. 1.
[8] *Ibid.*, p. 4345, c. 2.
[9] *Ibid.*, p. 4815, c. 2.

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present system is ridiculous, because the legislators do not know on what they are really voting. This results in appropriations being given " . . . with childlike confidence in the appropriations committee." [1]

> . . . All of us in the house appreciate the want of knowledge that we have in voting out the vast number of thousands of dollars to various charitable institutions. We must depend upon the appropriations committee and the appropriations committee must depend upon the various interests that bring influence upon that committee to name various amounts in the various appropriations. . . .[2]

As was expressed on the floor: "It is a physical impossibility that those of us here could possibly know the needs of the charities, or know the expenditure of money . . ." [3] The house seems to pay absolutely no attention to the appropriation bills.[4]

It can be seen from this analysis that "one committee has the power to distribute all this money. You have the power of this legislature in its closing hours to give out these vast millions. . . . We are extravagant in our money matters; we are careless with our money. We are most crude in expending our money." [5] The power in the appropriation committee in the two houses is centralized in the chairmen and in the final analysis but one man—the stronger of the two—controls the expenditure of the state's revenues of thirty-four million dollars a year. The check between the two houses is set at naught. The care which the constitutional convention felt would be secured by the increased size of the legislature has failed. The appropriation system, especially as it relates to privately-managed institutions, is obviously far from the intent and purpose of the constitution.

4. The Clause Requiring a Two-thirds Vote is Frequently Ignored. As has been mentioned, one of the important limitations of the constitution is the one requiring a two-thirds vote

[1] *Legislative Journal*, 1913, p. 4240, c. 2.
[2] *Ibid.*, pp. 4815, 4816.
[3] *Ibid.*, 3792, c. 1.
[4] *Ibia.*, p. 4265, c. 1; 3960, c. 1; 4342, c. 1; 4240, c. 2.
[5] *Ibia.*, p. 3792, c. 1.

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on all private appropriation bills. It was felt that this would definitely limit the amount and number of appropriations, as it would be an exceedingly difficult matter to obtain so many votes. At present, however, the recommendations of the appropriation committees are seldom discussed, and the passing of these measures by the two houses is simply a formality. Seldom is the full roll called, but the announcement in each case shows that far more than the required two-thirds of the members voted for it. During the last session of the legislature it became customary in the house to announce that about two hundred members had voted for the various private appropriation bills. In these instances the first name on the roll was called and the house shouted aye. No individual member could legitimately be recorded as voting for this bill except the man whose name appeared first on the roll.[1] No direct evidence of this fact can be found in the legislative record, as the constitutional requirements are in each case stated to have been followed out, but we find that in one instance during the last session the question of a quorum was raised, and it was found that 130 members were in the house and that 17 were "absent with leave." Directly after this the house began to pass appropriation bills, and we find that four members who were reported out of the city are recorded as voting "aye" on twenty-two measures.[2] There are many examples in the record that point to this practice of not calling the roll accurately, as required by the constitution. On one occasion a discussion of a quorum showed 128 votes in the house. The seven roll calls that directly followed this showed 133. An appropriation bill

[1] *Cf.* Constitution of Pennsylvania, art. ii, sec. 4, which reads: "Every bill shall be read at length on three different days in each house; all amendments made thereto shall be printed for the use of the members before the final vote is taken on the bill, and no bill shall become a law, unless on its final passage the vote be taken by ayes and nays, the names of the persons voting for and against the same be entered on the journal, and a majority of the members elected to each house be recorded thereon as voting in its favor." It would appear that by the present procedure the evident intent of this section is being ignored.

[2] *Legislative Journal*, 1913, p. 4592; p. 4610 ff.; p. 4502, c. 1. J. R. Jones is reported as voting after he had been granted leave of absence for the remainder of the day. *Ibid.*, p. 4419, c. 1.

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was announced on the calendar and is reported to have had 202 votes in its favor.[1]

The procedure in the senate is similar. Thirty-four votes are required in the senate for passage of an appropriation bill. It is seldom that the required number vote. The following newspaper note is interesting:

"Thirty-four members having voted in the affirmative and none in the negative, the amendment is therefore agreed to," announced Lieutenant-Governor Reynolds, as clerks finished a roll call to which actually four men had answered, while only 16 senators were in any parts of the hall whatever.[2]

The question of a quorum is seldom raised and we find in one instance that although only 13 senators were in the capitol during a day and not more than 9 on the floor at any one time, 292 bills were acted upon in eighteen minutes.[3] At times, however, the chair refuses to proceed unless the number of votes required by the constitution to pass an appropriation bill are in the house, and Speaker Alter at one time stated that "unless 138 members are present the chair will not permit the private appropriation bills to be voted upon except by the *ordinary* roll calls," which, of course, would be fatal to the bills.[4] This ruling of the speaker was questioned and the answer given was that "it is a matter of conscience on the part of the chair."[5] The general principle seems to be that private appropriation bills are to be simply "sung through the house with 138 votes."[6] The practice seems to be to ignore the constitution.

[1] *Legislative Journal*, 1913, pp. 4829-4833. Other examples of this striking discrepancy between the recorded vote of the house and the actual number of voters present (according to succeeding roll calls) may be found on p. 5032 (a discrepancy of 64 votes); p. 5056 (a difference of 47 votes). See also pp. 3279, 3281–3306, 3309, 3319, 3546–65, 3566, 4219, 4220–32, 4234, 4236–40, 4258–60, 4909. The same discrepancy may be found in the senate votes, as shown on pp. 3576–85 and 4380.

[2] *Harrisburg Patriot*, May 28, 1913, p. 2, c. 5. *Cf. ibid.*, June 20, 1913, p. 1, c. 7.

[3] *Ibid.*, June 20, 1913, p. 1, c. 1.

[4] *Legislative Journal*, 1913, p. 4586, c. 1.

[5] *Ibid.*, p. 4619, c. 1.

[6] *Ibid.*, 4240, c. 2.

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The constitutional restriction on the legislature looking toward economy is practically a dead letter.[1]

By far the most serious discussion in the constitutional convention was on the question of appropriations to sectarian or denominational institutions. Not only was no appropriation to be given for sectarian or denominational purposes, but no money was to be appropriated to any religious organization, no matter what its purpose. This is absolutely ignored at the present time. A study of the charter and by-laws of the institutions receiving state aid brings out clearly the fact that this clause, which caused so much discussion in 1872 and 1873, no longer receives consideration. The question of gifts to sectarian or denominational charities is not limited to those of any faith, and we find Catholic, Protestant and Jewish institutions receiving state aid indiscriminately and on the same level as purely state-owned, state-controlled and state-managed institutions. It is possible at this time to mention only a few examples.

We find, for instance, in a certain corporation conducting a hospital that only professed members of a definite sisterhood shall be eligible for membership. The mother superior of the order is *ipso facto* president of the corporation, and the board of directors, which may be elected from outside of the sisterhood, is purely advisory. All property is held in the name of the sisterhood.[2]

In the case of a Catholic children's association, the corporation is self-perpetuating and the property is in the control of a sisterhood whose mother-house is not within the state.[3]

One children's home which receives state aid requires that its

[1] In spite of these instances that seem to show open violation of the constitution it is to be doubted if the courts would interfere. In Kilgore *v.* Magee (85 Pa. St. 401) it was stated that "In regard to the passage of the law and the alleged disregard of the forms of legislation required by the constitution we think the subject is not within the pale of judicial inquiry. . . . The presumption in favor of regularity is essential to the peace and order of the state. If every law could be contested in the courts on the ground of informality in its enactment, the floodgate of litigation would be open so widely that society would be deluged in the flow. . . . ."

[2] St. Joseph's Hospital, Pittsburgh. By-laws, art. 2, sec. 2; art. 4, sec. 1; art. 5, sec. 3; art. 7, sec. 1.

[3] St. Catherine's Asylum, Reading. Constitution, secs. 4–7; by-laws, sec. 7.

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wards "shall be carefully instructed in the precepts of the Protestant religion and shall attend with the matron the nearest Protestant church and Sunday-school." [1]

In another instance, one-fifth of the board of managers of a prominent hospital shall be the rector and church-wardens of an Episcopal church. The rector shall always be the warden and chaplain of the hospital and in case of dispute the bishop of the diocese shall appoint managers to carry on the work.[2]

Religious services are limited in the case of an old ladies' home. The following extract from the rules is interesting: "Any minister properly authorized as a preacher of the Gospel of any Evangelical denomination of Christians shall be cordially received and none other will be admitted." [3]

One Jewish hospital states in the preamble to its constitution that the hospital is needed "since there is no institution now in existence within the State of Pennsylvania under the control of Israelites." Although apparently any person is admitted to membership in the association by subscribing and although the hospital is non-sectarian in its reception of patients, we find that the association conducts an old people's home which is open only to Jews and also a home for incurables which has similar restrictions.[4] There is no differentiation in the books of the association between the work of the hospital and the work of the homes. The homes are distinctly for Jewish inmates, but for a number of years the state gave its appropriation to the association, which governs them together. At the last session of the legislature, however, the appropriation was made to the "Hospital Department of the Jewish Hospital Association." But in the last available annual report of the association, there was no differentiation of accounts between the two sides of their work.

The final responsibility for appropriations rests, however, with

[1] Easton Home for Friendless Children. By-laws, art. 16.

[2] St. Timothy's Memorial Hospital and House of Mercy, Roxborough. Charter, art. 4 and art. 6.

[3] Pennsylvania Asylum for Indigent Widows and Single Women. Rules for the Regulation of the Board of Managers.

[4] Jewish Hospital Association. By-laws, art. 15, secs. 1, 2.

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he governor, because of the veto power. At almost every session of the legislature appropriations are made far exceeding the prospective revenues of the state. The legislature of 1913 appropriated some $89,000,000 for the biennial period ending in 1915. The estimated revenues of the state for that period will be about $64,000,000, and the governor is required to harmonize these figures.[1] At one time in the last session the house referred back a group of appropriation bills for further consideration, but the appropriation committee evaded its responsibility and as a result almost all the bills were passed and it was left to the governor to cut them down.[2] The constitution of the state provides that the governor may veto not only entire bills but also any individual item in a bill.[3] The governor, however, frequently goes farther and scales down the appropriations to the various charitable institutions. Practically no institution receives finally the money that is appropriated to it by the legislature, but receives the amount which the governor decides to give it. Appropriations, therefore, are put in the hands of one man. This would also appear to be contrary to the meaning of the constitution. The power which has been given the governor seems to be overstepped.[4]

We find, therefore, an interesting contradiction in Pennsylvania. The framers of the constitution wrote certain clauses dealing with appropriations to charitable institutions. They felt that the large number of votes required would make it impossible

[1] *Legislative Journal*, 1913, p. 4486, c. 1; p. 3792, c. 1; p. 3701, c. 1.

[2] *Ibid.*, p. 4824.

[3] Constitution, art. 4, sec. 16.

[4] In Commonwealth *v.* Barnett (199 Pa. St. 161), it was held that the governor might pare down individual items in the general appropriation bill. The ruling opinion as given by Chief Justice Mitchell stated that the right to veto an item in a bill included the right to veto a part of an item. Moreover, as this power of the governor had become customary, the court did not desire to interfere. Justice Mestrezat, in his dissenting opinion, held that the governor did not have this power of paring because the constitution should be literally interpreted, as it was perfectly clear on this point. The supreme court of Mississippi (State *v.* Holder, 76 Miss., 158), has held with the dissenting opinion. A similar judgment to that of Pennsylvania is found in Porter *v.* Hughes (32 Pac. Rep., 165). By this decision the legislature is set at naught, as it has no way of "going over" the governor's veto, as there is no veto to be set at naught.

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for the constitution to be circumvented. They felt that there would be no affiliation between religious or sectarian institutions and the state government. Lobbying for private appropriations would become a thing of the past. Such was undoubtedly the hope and purpose of the framers of the constitution.

And yet Pennsylvania is today giving money to three hundred institutions—most of them local in scope as well as private in management. The state is subsidizing institutions that are sectarian or denominational. It continues to foster the development of agencies which are not only unnecessary but actually detrimental to the charitable work of the commonwealth. Most pernicious of all, it has made the philanthropies of the state a crucial part of the unsavory political system for which Pennsylvania has been unhappily notorious. In view of these facts is it not pertinent to ask, "What is the Constitution among Friends?"

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MILITARY STRATEGY VERSUS DIPLOMACY

IN BISMARCK'S TIME AND AFTERWARD[1]

IT is the purpose of this paper to compare the conduct of Austro-German diplomacy before the outbreak of the present war with that of Prussian and German diplomacy in the Bismarckian period; and, in so far as the more recent diplomacy appears to have been less successful than the earlier, to indicate what seems to have been one of the principal obstacles to its success.

It would be a grateful as well as an easy task to treat this subject from an idealistic and humanitarian point of view, and to assume that it is the duty of governments to render war impossible. Such a discussion, however, would leave us where we started, in a world not yet realized. War persistently recurs, and in certain contingencies it seems to be unavoidable. In the existing world-order the first duty of the statesman is to protect the interests of his own country, and his action is to be judged, neither by pacificist nor militarist theories, but according to the standards of approved political practice.

I shall hardly be accused of adopting a utopian standard for the conduct of international politics if I base my criticism mainly on the practice and doctrines of Prince Bismarck. Some modern German writers have remarked that the more pacific theories of this statesman, formulated for the most part after 1871, are not in harmony with his foreign policy before that time. If, however, we note certain distinctions upon which he himself insisted, his practice and his doctrines do not appear to be inconsistent.

I

Bismarck held that a state may rightly make war for the realization or defense of vital national interests, but that it should

[1] The substance of this paper was presented to the Phi Beta Kappa Society of New York, December 14, 1914, and to the Century Association of New York, February 13, 1915.

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not make war solely to increase its power, much less to preserve or augment its prestige. The wars which Prussia waged under Bismarck's political guidance, particularly the war against Austria in 1866, unquestionably increased Prussia's power, but he invariably defended these wars on the ground that they were necessary for the establishment of German national unity. In his memoirs he tells us that in 1863 the Emperor Alexander II of Russia proposed to Prussia an offensive alliance against Austria, and that he advised against the acceptance of this offer. He explains that, if the alliance had been accepted,

> we should, in such case, have waged a Prussian war of conquest, but the sinews of Prussia's national policy would have been cut. In the effort to give to the German nation, through unity, the possibility of an existence corresponding to its historical importance lay the weightiest argument for justifying the German "fratricidal war." If the struggle between the German peoples had been resolved upon solely in the interest of strengthening the separate state of Prussia, the renewal of such a war would have been inevitable.[1]

In Bismarck's speeches and writings he frequently distinguishes between a policy that aims to realize or defend national interests (*Interessenpolitik*) and one which aims at power (*Machtpolitik*), and he consistently employs the latter term as one of censure. "Working for prestige" (*auf Prestige wirtschaften*) is a phrase which he often uses, and which carries a still stronger note of censure.[2]

[1] Gedanken und Erinnerungen (one-volume edition), p. 419; Bismarck, The Man and the Statesman, vol. ii, pp. 76, 77. In following notes the German version of this work is cited as "Memoirs" and the English as "translation." The translations in this paper are by the writer.

[2] What Bismarck would have thought of the promotion of *Kultur* as a justification of any policy may perhaps be inferred from his protest against calling the internal struggle between Prussia and the Roman Catholic Church a *Kulturkampf*. "We are not contending," he said, "for *Kultur*, but for the political interests of Prussia and Germany."

French as well as English writers have abandoned the effort to find an equivalent for *Kultur*. The word is of course broader than our "culture," but not identical in meaning with our "civilization." The German philosopher, Eucken, throws some light on the difference. He declares that our civilization is "external" and rests on "subjugation to forms." This, he maintains, should be complemented by an "internal" civilization which springs from the spirit. Granting both the truth and the

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Even if a war seems adapted to promote national interests, the statesman must of course consider the importance of the interests to be subserved and the chances of victory. In modern European conditions the latter question is not to be answered by considering solely the military strength and economic resources of the single country and of its immediate adversary; there must be consideration also of alliances and of neutralities. It is here that the special task of diplomacy begins. It is the business of the diplomatist to make sure that his country shall not be brought into conflict with a coalition of superior power. In the condition of latent war in which Europe has been living for centuries, the problem of alliances is a perpetual one. In the continuous peril of open war in which Europe has lived during the last half-century, this problem is of special importance. Alliances are arranged in advance, and for terms of years, even when war is not in sight. When war is in sight, the diplomatist has to assure himself that his allies will recognize their treaty obligations; he has to detach, if possible, the enemy's allies from active support of the hostile cause; and he must seek to gain the moral if not the material support of probably neutral states. He must make sure, at all events, that none of these probably neutral states shall join forces with the enemy. If he cannot achieve these results, if he is not reasonably assured that superior or at least equal force will be on his side—and on this point he is not justified in hoping or guessing—it is his clear duty, at any sacrifice except that of the national honor, to strive to avert the war or at least to postpone it as long as possible. And he must not confuse with true honor the sham honor known as prestige. The line of distinction is undoubtedly a narrow one, but he must strive to observe it. It was this line that Thiers tried to draw when, on July 15, 1870, he told the French ministry and his fellow deputies that France was going to war "on a question of sensitiveness."

nobility of this doctrine, it may be pointed out that it lends itself easily to dangerous misconstruction and misapplication. In the average mind a conviction of the superiority of spirit over form may beget an undervaluation of forms that have an ethical content of the highest value; and such undervaluation may lead to disregard. This peril is inherent in every system of individualistic or specifically national morality, because individual or national interest is apt to produce conviction of right.

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The diplomatist has also to see to it that his country shall not appear to be responsible for the outbreak of war. In spite of the periodical recurrence of war throughout human history, and in spite of the fact that war brings out, with some of the basest traits of human nature, also many of the noblest, the great majority of civilized human beings regard it as abnormal and evil. In some cases it may be regarded as a necessary evil, or as the lesser or least of two or more threatened evils, but it is not generally recognized as good in itself. There has indeed always been an opposite theory; eloquent voices have always been raised in praise of war; but in modern times at least such praise finds no general echo even in periods of peace, and when war comes its laudation excites resentment.

In the common opinion, responsibility for war attaches primarily to the aggressor. An aggressive war may be justifiable, but the burden of proof is on the aggressor. The most obvious justification of aggressive war is to be found in the adversary's breach of a treaty. No nation can be bound perpetually by a treaty that contravenes its interests; but if the treaty secures important interests of the other contracting party, its repudiation gives the latter a formal right to declare war. And it is not regarded as correct practice to denounce a treaty without previous negotiation, much less to break a treaty by aggressive military action. It is hardly too much to say that this latter course is generally regarded as immoral.

A striking evidence of the sanctity with which treaties are clothed in general opinion is to be found in the fact that a nation is not only thought to be entitled to declare war if its ally be attacked, but is deemed to act dishonorably if it does not fulfil its treaty obligation.

Even if the diplomatist does not share the general prejudice against aggression or the general feeling regarding the obligation of treaties, the fact that these sentiments are general obliges him to take them into account. In fact, they always are taken into account, if not in the negotiations which precede a war, at least upon the outbreak of hostilities. At this last moment, each belligerent government invariably seeks to persuade its own people and the world at large that its cause is just.

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The political advantages of the defensive position are obvious. An attacking nation, according to the expert testimony of Bismarck, will not fight at the outset with the same spirit and fire as a nation attacked. War is barbarism, and a nation at war readily reverts to the attitude of the barbarous community, which presents an extraordinary uniformity and solidity of feeling and of opinion; but this reversion is more rapid and more universal in a nation attacked than in a nation attacking. As Bismarck puts it:

> If our ordained authorities regard the war as necessary and have declared it, it will be carried on with all our fighting edge, and perhaps to victory, as soon as our men have come under fire and seen blood. But there will not be behind it the same vim and fire as in a war in which we are attacked.[1]

Among nations not primarily involved, there is always sympathy with the nation assailed and prejudice against the nation that appears to be the aggressor, unless it is clear that the latter has just cause for war. Accordingly, the duty of the diplomatist to keep his country free from the semblance of aggression is closely connected with the problem of securing outside support and averting a hostile coalition. International alliances are seldom by their terms offensive: as a rule they stipulate for support only against attack. If there be doubt which of the original belligerents has been guilty of aggression, the first overt act of hostility or of grave provocation may be decisive. It is especially likely to be decisive if the allied country is under a form of government in which the action of the executive is largely determined by public opinion. Much the same may be said as regards nations not previously in alliance with either of the original antagonists. If the interests of any such nation tend to draw it to one side or to the other, it will be somewhat less likely to support the aggressor than to intervene on the side of the nation attacked. This probability,

[1] Speech of February 6, 1888. If this statement is open to any criticism, it is that it fails to note the possibility that a nation may accept, without evidence or even against evidence, the assurance of its "ordained authorities" that the adversary is the aggressor.

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also, increases in direct proportion to the influence of public opinion upon governmental action.

To sum up: what the diplomatist gains by maintaining the defensive attitude is not only the more rapid development of the fighting spirit in his own country, but also the greater probability that the alliances of his country will hold while those of his adversary will not, and that states not in alliance with either belligerent will support his country if their interests may thereby be promoted, and will remain neutral although their interests tend to draw them to the adversary's side. These advantages are indicated and the corresponding disadvantages of aggression are summed up in Bismarck's famous saying: "If we attack, the whole weight of the imponderables, which weigh much heavier than material weights, will be on the side of the adversaries whom we have attacked."[1]

One further consideration, already indicated, should perhaps be stated. Contemporary judgment regarding responsibility for war is necessarily based on the record. It takes cognizance only of notorious facts and of allegations that can be proved. This judgment may be erroneous. It may be reversed by history. For the diplomatist, however, it is not the ultimate verdict of history but the immediate verdict of contemporary opinion that is of importance.[2] In his appreciation of the value of the obvious inference as compared with the elusive fact, he does not lack philosophical support. Even before pragmatism was formulated, Wordsworth[3] wrote

Assent is power, belief the soul of fact.

[1] Speech of February 6, 1888.

[2] Bismarck makes this point in his cynically frank story of the editing of the Ems dispatch. After reading the condensed version to Moltke and Roon, and explaining that it would have "the effect of a red rag upon the Gallic bull," he went on to say: "Success, however, depends essentially upon the impressions that are produced in our own and in other countries by the origin of the war; it is important that we be the ones attacked." Memoirs, p. 440; translation, vol. ii, p. 101. Doubts expressed by German historians regarding this Bismarck-Moltke-Roon conference do not here concern us. It is quite sufficient for our present purposes that Bismarck claimed to have made the statement cited.

[3] Memorials of a Tour in Italy. IV: At Rome—Regrets—In allusion to Niebuhr and other modern historians.

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II

With Bismarck as its premier and minister of foreign affairs, Prussia waged three wars. In each instance Bismarck was reasonably sure of his alliances and of his neutralities: in none of these wars was his country confronted by a hostile coalition of superior force. In the war against Denmark (1864), Prussia had the support of Austria, and no other power intervened. In the Austro-Prussian war (1866), Austria was supported by the majority of the smaller German states, but Prussia had the assistance of Italy. Prussia was also assured of the friendly neutrality of Russia, and Bismarck was reasonably certain that, at least at the outset, France would remain neutral. In the war against France (1870) Prussia had all the smaller German states on its side, and Russia had promised to prevent Austria from aiding France.

In each of these wars Prussia's adversary either had broken a fairly recent treaty or was chargeable with the first overt act of aggression. In each case, accordingly, Prussia's position was correct, on the face of the record. Denmark had violated in 1863 a treaty concluded with Prussia and Austria in 1852. Denmark's action impaired important German interests, because it undertook, contrary to its promises, to incorporate the German inhabitants of Schleswig in the Danish state. In 1866 Austria had broken the Treaty of Gastein, concluded between Austria and Prussia in 1865. Austria indeed accused Prussia of breaking this treaty, but the Austrian breach preceded the Prussian. Austria also was chargeable with the first overt act of hostility in demanding that the German Confederation should employ military force against Prussia. It was tolerably clear at the time that Prussia was really forcing Austria into war, but on the face of the record Austria was the aggressor. In 1870, after the withdrawal of the Hohenzollern candidacy for the throne of Spain, the French foreign minister demanded guaranties for the future. Ollivier, who was at the time the French prime minister, says that this demand could be interpreted only as intended to bring on war.[1] Bismarck published the French demand and

[1] Ollivier, The Franco-Prussian War, translated by G. B. Ives (1912), pp. 224, 225.

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King William's refusal, and France declared war. We know today that Bismarck had promoted the Spanish candidacy. We know further, that the French demand for guaranties would probably have been dropped, in consequence of the remonstrances of neutral powers, if Bismarck had not cut off this line of retreat by the form in which he published the news of the French demand and of its refusal. This, as he intended, made it impossible for the French government to retreat from its ill-chosen position without loss of prestige. In the light of our present knowledge, responsibility for that war cannot be placed wholly on either party. War was desired on both sides of the Rhine. At the time, however, it seemed clear that France was the aggressor and that Germany was waging a purely defensive war.

In none of the wars conducted under Bismarck's diplomatic guidance was Prussia assured of British neutrality. Bismarck made no effort to secure definite pledges, because under the British parliamentary system a government has no power formally to commit the country to war or to peace. Here, accordingly, the immediate reaction of public opinion was of the highest importance, and the formal correctness of the Prussian position in each war was of great value. In 1864 Great Britain sympathized with Denmark. It was not in the British interest that any portion of the coast of the North Sea should pass out of the control of a small state into that of a great state. Denmark, however, refused to recognize its treaty obligations; Prussia was supported by Austria; and Great Britain could secure no continental support against this combination. Great Britain accordingly gave Denmark only diplomatic support. In 1866 no British interest was at stake in the war between the two leading German powers, and, as between Austria and Italy, British sympathy was with Italy. In 1870 no British interest seemed to be involved in the struggle between Germany and France. And even if British interests had been involved, it would have been difficult for the British government to find any decent pretext for war. Not only did Bismarck cheerfully pledge observance of Belgian neutrality, but, shortly after the outbreak of the war, he published the draft of an unratified

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treaty between France and Prussia providing, in certain contingencies, for the annexation of Belgium by France; and he invited the representatives of the powers in Berlin to satisfy themselves, by inspection of the manuscript, that the draft was in the handwriting of the French ambassador, M. Benedetti. The effect upon British opinion was all that Bismarck could desire. It should be added that, in proportion as it became clear that Prussia was solving the problem of German unity, the public opinion of the world, fully convinced of the legitimacy of the principle of nationality, became increasingly favorable to the Prussian policy.

After 1871 it was the chief aim of Bismarck's diplomacy to avert the formation of any coalition against Germany. In this he was wholly successful. When he was removed from office by William II, in 1890, Germany, Austria and Italy were in open defensive alliance. By a secret treaty, moreover,—the so-called "reinsurance treaty," which first became known in 1896,[1] —Germany and Russia had agreed that each would observe a benevolent neutrality if the other were attacked by a third power. The chief advantage which this network of treaties gave Germany was the complete isolation of France. In case of a French attack, Germany's back was fully protected. A further advantage of these treaties was to place Germany, in any dispute between Austria and Russia, virtually in the position of an umpire. If Russia attacked Austria, Germany was bound to support Austria. If Austria attacked Russia, Germany was bound to observe a benevolent neutrality. And it was for Germany to determine, in case of an Austro-Russian war, which was the attacking party and what were Germany's treaty obliga-

[1] The existence of this treaty until 1890, and its non-renewal in that year, were first made known in an article in the *Hamburger Nachrichten*, October 24, 1896. In 1890 and the following years it was no secret that the *Hamburger Nachrichten* was Bismarck's special organ; but his personal responsibility for particular articles was a matter of conjecture. His relation to this newspaper is at last definitely stated, and the more important articles inspired or dictated by him are reproduced, in Hofmann, Fürst Bismarck, 1890–98 (1913). The article of October 24, 1896, is reprinted in vol. ii, pp. 370–372. The treaty with Russia was not kept secret from the governments of Austria-Hungary and Italy. Bismarck, November 1, 1896, in Hofmann, vol. ii, p. 378. *Cf.* Munroe Smith, "Bismarck's Latest Revelation," in *Harper's Weekly*, December 12, 1896.

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tions. In the seeming tangle of agreements, Germany really had its hands almost wholly free.

Formally, Germany's defensive alliance with Austria and its reinsurance treaty with Russia imposed upon Germany no conflicting duties. Materially also, according to Bismarck, the treaties were consistent in their purpose. In his view, expressed in speeches made during his chancellorship, Germany had no interests in the Balkans which would justify it in risking "the sound bones of a single Pomeranian musketeer."[1] Russia and Austria, however, had interests in this region, and a conflict between their interests might easily lead to war. The danger of such a conflict was minimized by the recognition of a Russian sphere of influence in the eastern portion of the peninsula and of an Austrian sphere in the western. This arrangement was established by the two powers concerned at Reichstadt, where, before beginning war against Turkey, Russia secured the neutrality of Austria by agreeing to an eventual Austrian occupation of Bosnia.[2] To this arrangement Germany gave loyal support, notably when Russia's treatment of Prince Alexander of Bulgaria aroused popular resentment in Germany. "What is Bulgaria to us, or we to Bulgaria?" Bismarck asked his hearers in the Reichstag. And again:

> Bulgaria is assuredly not an object of sufficient magnitude that, on its account, Europe from Moscow to the Pyrenees and from the Baltic to Palermo should be hurried into a war of which no one can foresee the issue. In the end, after the war, we should hardly know what we had been fighting about.[3]

Read "Servia" for "Bulgaria" and these words might have been spoken in 1914.

Not only, in Bismarck's view, had Germany no interest either in supporting or in impeding a Russian movement towards Constantinople,[4] but he believed that

[1] Speech of December 5, 1879.

[2] Bismarck, January 24, 1892, in Hofmann, vol. ii, p. 5.

[3] Speech of February 6, 1888.

[4] Bismarck, December 17, 1892, in Hofmann, vol. ii, p. 187.

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it would be of advantage to Germany if the Russians . . . established themselves in Constantinople and had to defend it. We should then no longer be in a position to be used by England, and occasionally also by Austria, as the dog to be set barking against Russian lustings for the Bosphorus, but we could wait to see whether Austria was attacked.[1]

Accordingly, in Bismarck's construction:

The treaty of 1879 (regarding the German-Austrian alliance) related, as against Russia, solely to an eventual attack by that power upon the allies. On the part of Germany, the view consistently represented at Vienna was that the alliance covered only the Austro-Hungarian monarchy, not also its Oriental policy against Russia. For this Austria was always advised by Germany to seek protection by separate agreements with equally interested states, such as England and Italy.[2]

The position which Bismarck had obtained for Germany, the central position on the see-saw of Austro-Russian politics, was assuredly capable of being utilized, as Bismarck asserted it was to be utilized, for the preservation of the peace of Europe.[3] Austrian or Russian movements which threatened to disturb the balance of power in the Balkan peninsula could be checked by a very moderate degree of pressure from Berlin. All that was necessary was to insist that each of these powers should refrain from invading the sphere of influence assigned to the other. And so long as Russia could be restrained from attacking Austria, and Germany was not compelled to intervene, there could be no joint action of France and Russia against the Triple Alliance. For this reason, Bismarck tells us, the German-Russian reinsurance treaty (of which Austria and Italy were fully cognizant) was welcomed by these powers.

[1] Memoirs, p. 601; translation, vol, ii, p. 288.

[2] Bismarck, January 24, 1892, in Hofmann, vol. ii, p. 4. In an earlier article, April 26, 1890, Bismarck said: "The Triple Alliance covers only the *damnum emergens*, not the *lucrum cessans*, of the powers concerned. Least of all is it Germany's affair to promote ambitious plans of Austria in the Balkans." *Ibid.*, vol. i, p. 256. *Cf.* article July 15, 1892, *ibid.*, vol. ii, p. 119. And again, July 17, 1892: "Why should the burden of resistance to Russia be rolled off the shoulders of the interested British Empire upon those of the disinterested German Empire?" *Ibid.*, vol. ii, p. 123.

[3] Bismarck, November 1, 1896, in Hofmann, vol. ii, p. 378.

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Our allies indeed had confidence that the Triple Alliance would be able to support a war on two sides, but . . . it seemed to them preferable that a war which would demand from all the continental powers the most monstrous sacrifices in blood, money and property should be avoided altogether.[1]

The keystone of Bismarck's entire foreign policy, from the beginning to the end of his official career, was the maintenance of friendly relations with Russia. Without Russian neutrality, the wars which established German unity could not have been waged. As long as Russia was friendly, no dangerous coalition could be formed against the united Germany. In his memoirs, which were his political testament, he repeatedly insists upon the necessity and the possibility of maintaining the German-Russian friendship. "With France," he wrote, "we shall never have peace; with Russia, never the necessity of war, unless liberal stupidities or dynastic blunders falsify the situation."[2]

With Great Britain, after 1871, Germany's relations, although never cordial, were usually friendly and never really strained. The inauguration, in 1884, of a German colonial policy naturally aroused British jealousy but gave no ground for hostility. In its colonial ventures, Bismarck told Hofmann, Germany should look for "sure advantages without disproportionately great risks, especially without conflict with older and stronger sea powers."[3]

Bismarck's success in establishing alliances and in averting the formation of any hostile coalition against Germany was due, in no small degree, to the spirit and temper in which he conducted Germany's diplomacy. He fully realized, not only the antagonism which new power arouses, but the dangers of new power to its possessor. They resemble, as he himself more than once indicated, the dangers of new wealth to the individual. These, as we all know, are what Richard Henry Stoddard once described as "the unconscious insolence of conscious opulence," and, associated with this, an extreme sensitiveness to criticism,

[1] Bismarck, *loc. cit.*

[2] Memoirs, p. 210; translation, vol. i, p. 247.

[3] Hofmann, vol. i, p. 125.

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which may easily manifest itself in increased arrogance. With the similar tendencies of new power we Americans are quite familiar, for we ourselves exhibited them in a thoroughly typical way in the nineteenth century, particularly in the period between the Mexican War and the Civil War. Nor, I regret to confess, have we yet fully outgrown these tendencies. "Shirt-sleeves" diplomacy is quite unmistakably parvenu diplomacy.

To indicate these dangers of new power, Bismarck, as I have said, employed the very comparison which I have developed. In 1890, in an English speech to a body of British shipowners, he said that, in the society of nations, "Germany may be compared to a self-made man, whereas England is as an old aristocratic lord."[1] And when his policy toward Russia was assailed as conciliatory to the point of subservience, he characterized the attitude of his critics as follows:

> No far-seeing reckoning with existing factors of European policy is to characterize German statecraft; its efforts are not to be directed to helping, as far as possible, to avoid wars of which the outcome would be incalculable; but Germany should assume, in Europe, an attitude of provocation and play the part of the man who, suddenly enriched and presuming on the dollars in his pocket, tries to trample over everybody.[2]

It is not, I think, too much to say that Bismarck handled the new power of Germany as if it were old power. Temperamentally, he was highly sensitive to criticism; openly, as imperial chancellor, he disregarded it. Attacks in the foreign press, he said, were to him "printer's ink on paper." If any criticisms seemed to require answers, Germany's cause was defended neither by its officials, domestic or foreign, nor by declarations signed by university professors, but by unofficial communications or inspired leading articles in the newspapers, and usually in newspapers that had no overt relations with the German government. What was of more importance, Bismarck's conduct of foreign affairs was quite in harmony with Mr. Roosevelt's formula:

[1] The [London] *Times*, July 3, 1890. *Cf.* Hofmann, vol. i, p. 279.

[2] Bismarck, October 3, 1891, in Hofmann, vol. i, p. 382.

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if he carried a big stick, he walked softly. Only against France, whose resentment Germany could not hope to appease, was the big stick occasionally shaken. This happened, usually, when the exigencies of democratic politics led French public men to indulge in the form of sport which, in American politics, has been known as "twisting the lion's tail."[1] In Germany's dealings with other powers there were no threats and no bluster. Assurances that Germany was one of the "satisfied nations" and desired nothing but peace were made more credible by quiet settlement of disputes: witness the manner in which Bismarck handled the conflict with Spain over the Carolines and that with the United States regarding the Samoan Islands.

III

Before the outbreak of the present war, arrangements were making in Germany to celebrate the centennial of Bismarck's birth, which will fall on April 1, 1915. Whether such celebrations will be held, and on what scale they will be conducted, I am not informed. In any such celebrations, German writers and speakers will be confronted with a task of no little delicacy. It will not be easy to praise Bismarck's diplomacy without suggesting unfavorable comparisons.

After Bismarck's dismissal from the imperial chancellorship, there was (with one important exception, presently to be noted) no change in the general trend of German foreign policy. But there were changes in tone and in manner. There was some rather "big talk" on the part of the emperor, which other nations took for the most part humorously. There were appearances "in shining armor," with occasional shakings of the "mailed fist," which were taken more seriously. Peace was preserved, but on more than one occasion by employing that double-edged and dangerous weapon, the threat of war. Oversea expansion was pushed more vigorously, and not always in

[1] *Cf.* statement of Thiers in Hohenlohe's diary, July 8, 1875: "I spoke then of the rumors of war. Thiers said those were disseminated for party motives and would increase. Moreover, they would be turned to account for electioneering purposes. We should not allow ourselves to be misled thereby." Memoirs of Prince Hohenlohe, translation, vol. ii, p. 155.

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accordance with Bismarck's notion that the flag should follow, not precede, trade. "When I was chancellor," he told Hofmann, "we never stepped in with the protection of the Empire until the German trader or colonist had acquired in foreign parts interests of sufficient magnitude and importance; we never hurried on ahead of him."[1] And Hofmann tells us that when he showed Bismarck the first map of the East Asiatic coast on which the German leasehold of Kiaochau was marked off, the prince looked at it for some time and then said: "Big enough for all sorts of foolishness."[2] What he would have thought of the effort to get a foothold in Morocco we can only conjecture; but we know that he gave diplomatic support to France in Tunis, on the ground that it was desirable that French attention should be distracted from "the hole in the Vosges." With the Agadir incident fresh in his mind, Hofmann wrote:

> Our Pan-Germanists hold a fundamentally false opinion of Bismarck if they believe that he, if still alive and in office, would have slashed in with the sabre in Morocco, in Persia, or anywhere else, to uphold claims which corresponded rather to the desires of our national-expansionists than to the facts of the situation or the rights of Germany.[3]

Closely associated with imperialistic expansion is the tendency to take part in world politics even where national interests are not directly involved. The diplomatic intervention of Germany, in unison with Russia and France, to compel Japan, in 1895, to surrender the peninsula of Liaotung aroused in Bismarck's mind apprehensions which were expressed in two leading articles in the journal which he controlled. If this joint action meant better relations with Russia, it was of advantage, but why should Germany arouse Japanese hostility? To Bismarck, it looked like "working for prestige"; and his second article intimated that he would not have interfered.[4]

The one point in which German foreign policy changed immediately after Bismarck's retirement was in Germany's rela-

[1] Hofmann, vol. i, p. 126.

[2] *Ibid.*, vol. i, p. 227.

[3] *Ibid.*, vol. i, pp. 118, 119.

[4] May 7 and 23; *ibid.*, vol. ii, pp. 298, 302.

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tions to Russia. In 1890 the reinsurance treaty with that power lapsed, by the expiration of the term for which it was concluded, and, although Russia was willing to renew it, the German imperial government decided to abandon it. Count Caprivi, Bismarck was informed, found Germany's treaty relations with Austria and Russia "too complicated." Bismarck admitted, with a certain malice, that "the maintenance of these relations of course required a considerable degree of diplomatic skill." [1] The probable results of this change of policy seemed to Bismarck very grave. He feared that Germany and Russia would steadily drift further apart; and he lived to see this apprehension realized. He feared that Russia, seeking support against the Triple Alliance, would eventually come to an understanding with France, and he lived to see the beginnings of the *entente* between these powers. He believed, and asserted as early as 1891: "From the moment when the conviction is established in Vienna that the bridge between Germany and Russia is broken down, Austria will assume a different attitude toward the German Empire, and Germany will run the risk of becoming, in a sense, dependent on Austria." [2] And in the following year he wrote: "Already there are indications that the attitude of German policy is no longer completely neutral in Eastern affairs, as it was formerly to Germany's advantage." [3] During the later years of his life he repeated his warnings against breaking with Russia and against identifying Germany's interests with those of Austria in the Balkans; and in his memoirs he wrote:

> If the breach, or even the alienation, between us and Russia should seem irremediable, then Vienna would believe itself entitled to make greater claims upon the services of its German ally; first, in the extension of the *casus foederis*, which, up till now, according to the published text, goes no further than defense against a Russian attack upon Austria; secondly, in a request to substitute for the *casus foederis*, as now defined, the representation of Austrian interests in the Balkans

[1] Bismarck, January 24, 1892, in Hofmann, vol. ii, p. 4.

[2] January 28, 1891, *ibid.*, vol. i, p. 314.

[3] January 24, 1892, *ibid.*, vol. ii, p. 5.

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and in the East. . . . It is not, however, the duty of the German Empire to lend its subjects, with their goods and their lives, for the realization of its neighbor's aspirations. [1]

In Germany, these warnings fell on deaf ears. Bismarck, of course, was disgruntled; nothing that his successors could do was right; he was simply an old grumbler. For us the question is not whether his utterances were dictated by vanity and vindictiveness or by patriotic solicitude, but whether he was right.

The development of a common German-Austrian policy in the Balkan peninsula, which Bismarck feared, was furthered by the German policy of seeking to develop, not only the economic, but also the political influence of Germany in the Turkish Empire. The establishment and consolidation of German influence in Turkey could hardly be regarded by Russia in any other light than as an invasion of what Germany and Austria had previously recognized as the Russian sphere of influence. Very naturally the Russian government deemed itself no longer bound by the arrangements which Germany disregarded, and it began to take measures to establish Russian influence in the western Balkans. Thus arose the rivalry between Austria and Russia for the control of Servia which has led to the present world war.

Of this newer German policy Bismarck expressed his opinion in advance, and before his retirement from power, when, after stating his belief that "the European crisis most likely to arise is the Eastern crisis," he proceeded to condemn any attempt of Germany to interfere in the Balkans, saying: "A great power which attempts to exert pressure on the policy of other countries, outside of its own sphere of interest, is taking risks. . . . It is following a policy of power, not one of interest; it is working for prestige." [2]

When the German-Austrian alliance was diverted from its original defensive purpose and became an alliance for the control of the Balkan peninsula, Italy's adhesion to this alliance

[1] Memoirs, p. 591; translation, vol. ii, p. 276, 277.

[2] Speech of February 6, 1888.

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ceased to correspond to Italian interests. Austria and Italy had no common interests in the Balkans except to resist the extension of Russian influence. An increased control by Austria of the eastern coast of the Adriatic was, from the Italian point of view, as undesirable as the control of this coast by any strong Slav state. Accordingly, the new German policy in the Balkans tended inevitably to the disruption of the Triple Alliance. After the Balkan war, Austria and Italy were able to agree in opposing the annexation of Albania by the Balkan allies, and in creating a nominally independent principality; but the suspicion of each that the other was endeavoring to control the new state led to controversies which, in the early summer of 1914, seemed to imperil the maintenance of friendly relations between the two powers. This also was a contingency which Bismarck had envisaged. In the event of the collapse of the Triple Alliance, he wrote in 1892, "it would be for Germany a very serious situation if, in order to avoid isolation, it had no choice but to go with Austria in the East through thick and thin."[1]

One of the ablest of Bismarck's successors in the chancellorship, Prince von Bülow, stated, when he assumed that office, and has since maintained, that no statesman, not even a Bismarck, can determine the future development of a nation's policy. Germany, von Bülow says, can not be held to old methods and aims.[2] In general, this statement is indisputable. Nevertheless, as regards aims which were taking form in Bismarck's time or which he clearly foresaw, his favorable or unfavorable judgment is of weight. As regards new methods, it is admissible to inquire whether they have proved as advantageous, in their direct and indirect results, as those which he employed.

IV

The position of Germany today is strikingly different from that in which Bismarck left it in 1890. Today Germany and Austria are confronted by a formidable coalition. Italy is neutral. Rumania, supposed to have been in sympathy with the Triple Alliance, is also neutral. The armed support of

[1] Bismarck, January 24, 1892, in Hofmann, vol. ii, p. 6.

[2] Imperial Germany, translation, p. 16.

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Turkey has indeed been secured, not by diplomacy of the ordinary kind, but by a *coup d'état* engineered by German officers in the Turkish military service. The participation of Turkey in the war, however, increases the probability of further interventions, through which military forces greater than those of the sultan may be thrown upon the side of the hostile coalition. In population and in economic resources the enemies of Germany, Austria and Turkey are greatly superior; on the sea, their fighting power is many times greater; on land, in spite of inferior preparation, their power seems to be substantially equal, even if Japan's army be left out of the reckoning. The German emperor is reported to have said: "The more enemies, the more honor," but the saying is true of the soldier only. For the diplomatist, the more enemies, the less honor.

In striking contrast, again, with the position which Prussia held in every war which it waged in Bismarck's time, is the fact that on the face of the record Austria and Germany are the aggressors. The correspondence published by five of the belligerents has been examined and analyzed so often and so minutely that I shall only recapitulate the points which have most strongly influenced neutral opinion.

Until Austrian diplomacy emerged into publicity with the ultimatum to Servia on July 23, the Dual Monarchy appeared to have strong claims on neutral sympathy. Continued hostile agitation in Servia; alleged intrigues in Austria's Slav provinces; pledges of more neighborly behavior repeatedly broken; finally, the murder of the successor to the throne, through a conspiracy asserted to have been framed in the Servian capital and to have been abetted by Servian officials—these were indeed grievances. Neutral sympathy was sensibly lessened by the far-reaching demands formulated in the Austrian ultimatum, and even more by the unusual and peremptory tone of this undiplomatic communication. From the diplomatic point of view, the Russian minister of foreign affairs was quite justified in saying that its form was "scarcely clever" (*peu habile*).[1] Neutral sympathy

[1] Russian Orange Paper, no. 25. Even the German secretary of state confessed that "the note left much to be desired as a diplomatic document." British Blue Book, no. 18.

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began to shift to the other side in consequence of Servia's unexpectedly conciliatory reply and Austria's refusal to recognize Servia's concessions as a possible basis for negotiation or mediation. Instead of turning away wrath, Servia's soft answer elicited a declaration of war. Whatever neutral inclination toward the Austrian cause remained was stricken through with doubt by the revelations of M. Giolitti, former prime minister of Italy. He has told us that in August, 1913, Italy was notified that Austria contemplated action against Servia; that it deemed such action defensive; and that it hoped to receive German and Italian support. The Italian answer was that such action could not be regarded as defensive. "Our interpretation of the treaty," Giolitti added, "was accepted by our allies."[1] This revelation has not unnaturally produced the impression that Austria's action in 1914 was determined less by Servian intrigues and Servian faithlessness than by a matured resolution to seize the first favorable opportunity to strengthen the position of the Dual Monarchy in the Balkan peninsula.

Germany had given its ally "an entirely free hand" in its action against Servia.[2] Germany's efforts to maintain the peace of Europe, whether through its ordinary diplomatic service or through the direct appeals of the German emperor to other sovereigns, were limited to trying to "localize" the conflict, that is, to trying to keep Austria's hands free against Servia.

This, at least, was the attitude of Austria and Germany July 23–28. On the 29th, at Germany's request,[3] the Austrian ambassador at St. Petersburg was directed to begin conversations with the Russian minister of foreign affairs. Within the two following days, Austria had agreed to consider the withdrawal of such of its demands as were deemed incompatible with Servia's independence, and to admit mediation on this point; and Russia had agreed to suspend its military preparations if Austria would stay its action against Servia.[4] At this juncture,

[1] Speech in the Italian Parliament, December 5, 1914. See American newspapers of December 7.

[2] German White Paper, Memorandum. [3] *Ibid.*

[4] Russian Orange Paper, nos. 53, 60, 67; French Yellow Book, nos. 104, 114, 120, 121; British Blue Book, nos. 97, 103, 161 (especially p. 83).

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however, on July 31, Germany demanded that Russia should demobilize, and, upon Russia's refusal, declared war, August 1. On July 31, Germany inquired what attitude France would assume in a war between Germany and Russia, and, receiving no satisfactory assurances on this point, declared war against France, August 3. On August 2 Germany invaded Luxemburg, and on the evening of the same day, it demanded free passage through Belgium, under express threat of war and scarcely veiled threat of annexation.[1] On Belgium's refusal, German troops crossed the Belgian frontier, August 4.

If any one of the series of events which precipitated the European war can be regarded as decisive, it was the action of Germany in declaring war because Russia was mobilizing. In international theory and practice, however, mobilization is not generally regarded as cause for war. The proper answer to mobilization is mobilization.[2]

On the other hand, on the face of the record, Servia, Russia, France and Belgium were, each and all of them, countries attacked; and none of them, with the possible exception of Servia, had committed any overt act which gave Austria or Germany formal cause for war.

With Great Britain, it is true, Germany sought to maintain peace, and it was Great Britain that attacked Germany. Germany, however, gave Great Britain an unimpeachable ground for declaring war by violating treaty obligations which secured long-recognized and important British interests.[3] Great Britain

[1] "If Belgium consents, in the war about to commence, to take up an attitude of friendly neutrality toward Germany, the German government on its part undertakes, on the declaration of peace, to guarantee the kingdom and its possessions in their whole extent. . . . If Belgium behaves in a hostile manner . . . Germany will take no engagements towards Belgium but will leave the later settlement of the relations of the two states toward one another to the decision of arms." Belgian Gray Paper, no. 20.

[2] For Bismarck's theory and practice, *cf. infra*, pp. 65, 66.

[3] None of the arguments advanced by Germany's apologists to show that the treaties of 1839, neutralizing Belgium, were no longer binding on Prussia (either because Prussia has become a part of the German Empire, or because provisional agreements, reinforcing these treaties, were made in 1870) has any basis in international theory or practice. Moreover, the intention of Germany to respect these treaties was asserted by the present imperial chancellor in 1911 and by the present imperial secretary of state in 1913. *Cf.* Belgian Gray Paper, no. 12, and enclosures.

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attacked Germany by the same right by which Prussia and Austria attacked Denmark in 1864. That Great Britain had other grounds for declaring war is not disputed. They are indicated in the correspondence published by the British government,[1] and they were frankly stated—and put first—by Sir Edward Grey in his speech in the House of Commons, August 3.[2] If among its various grounds for declaring war, the British government finally selected that which was formally the best and which would appeal most strongly to public sentiment in Great Britain and in other countries, it is not chargeable with insincerity or with hypocrisy. Any other course would have been unintelligent. As far as the appeal to public sentiment is concerned, Austria and Germany acted in the same way; the former in the stress it laid upon the crime of Serajevo, the latter in charging the Russian emperor with "perfidy" because his armies were mobilizing while the German emperor was conducting direct personal negotiations with him.[3]

On the face of the record again, the powers of the Triple Entente, and preëminently Great Britain, exhibited an apparently sincere desire to maintain the peace of Europe. In the brief time available, between Austria's ultimatum to Servia, July 23, and Germany's ultimatum to Russia, July 31, these powers, and also Italy, seem to have made every possible effort to avert war.

The Austrian and German governments assert, indeed, that these efforts were insincere. They claim that in reality Russia was the prime aggressor. They asserted from the outset that Russia had no right to intervene, even through its diplomacy, to protect Servia. If the division of spheres of influence in the Balkan peninsula, as it existed at the close of the nineteenth century, had persisted, this assertion would be plausible. In fact, however, as we have seen, this arrangement had long been abandoned,[4] and primarily because of German encroachments upon the Russian sphere of influence.[4] By attacking

[1] *Cf.* British Blue Book, especially nos. 89, 101, 111. [2] *Ibid.*, pp. 89–96.

[3] This was the *casus belli* emphasized in all the German newspapers in the early days of August.

[4] For Austrian recognition of its abandonment, at least since the Balkan War, *cf.* British Blue Book, nos. 91, 118.

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Servia, Austria menaced the existing balance of power in the Balkans; and it was on this ground, not on the ground of a duty to protect a Slav state, that Russia intervened.[1] Austria indeed declared that it had no intention of disturbing the balance of power,[2] and it offered to promise not to annex Servian territory; but it was unable to satisfy Russia that Servian independence was not threatened.[3] It was precisely on this last point that negotiations were in progress when Germany declared war.

The German government asserts that Belgium had ceased to be neutral and was virtually in alliance with France and Great Britain.[4] If this assertion could be proved, the strongest prejudice which Germany's conduct of the war has aroused in neutral countries would tend to disappear. In America, at least, few people care whether the treaties of 1839 were or were not in force and binding upon Prussia. Even if Belgium was no longer a neutralized country, it was apparently a neutral country, and it has been ravaged with fire and steel because so the German armies could reach France most quickly. What, however, has Germany been able to prove? Only that British military attachés had concerted with Belgian military authorities plans of joint action against a German invasion. If, as is insisted, no consultations were held with German military attachés to provide for the defence of Belgian neutrality against a French or British invasion, what does that prove? Only that the Belgians knew well or guessed rightly on which side their neutrality was menaced.

The German assertion, made in the ultimatum to Belgium, that France was planning to send troops through Belgium into Germany, and the more recent assertion that Great Britain intended to send troops into Belgium without waiting until German troops crossed the Belgian frontier, can have no influence upon neutral opinion. Neither in law nor in morals, public or

[1] Russian Orange Paper, no. 77.

[2] German White Paper, Memorandum and annex 10.

[3] Russian Orange Paper, nos. 41, 60, 67.

[4] The Case of Belgium, in the light of official reports found in the archives of the Belgian government. With an introduction by Dr. Bernhard Dernburg (n. d.).

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private, is a wrong excused by alleging, or even by proving, that a similar wrong was contemplated by an adversary. Moreover, neither of these assertions has been proved. Of such an intention on the part of the French government no evidence has been submitted; and the only evidence adduced to prove such an intention on the part of the British government is the opinion expressed by a British military attaché.[1] It is, however, a matter of common knowledge that military attachés are never empowered to commit their governments to any line of action, and that their opinions, if not purely personal, reflect at most the desires of their military chiefs, not the intentions of the political heads of government.

In asserting that they were really attacked or threatened with attack, Austria and Germany are today in the position in which Bismarck's adversaries habitually found themselves; they can not prove their assertions. If in the future, on the basis of evidence which we do not possess, the historian shall be able to show that in 1914 the Triple Entente brought about a European war in order to crush Germany and dismember Austria, he will still be forced to say that the conspiring governments played the diplomatic game according to Bismarckian traditions; and if he fails to attribute to Grey or to Sazonoff as high a degree of adroitness as Bismarck displayed, it will be because the ineptitude of their adversaries made their task easier than his.

V

The inferiority of Austrian and German diplomacy in 1914 to that of Bismarck in the German unity wars might plausibly be explained by the personal difference between a statesman of genius and the average diplomatist. This, however, hardly accounts for the inferiority of Austro-German diplomacy to that of the Triple Entente. It is the chief purpose of this paper to suggest an explanation.

In the histories, biographies and memoirs of the Bismarckian period we read of conflicts between the Prussian premier and German chancellor on the one hand, and the military leaders,

[1] The Case of Belgium, p. 12.

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notably the chief of the General Staff, on the other. These are usually regarded as collisions of strong personalities, ascribable largely to competing personal ambitions. They mean more than this. They represent the natural and apparently necessary antithesis of the political and the military mind; and they typify the perpetual and universal struggle between diplomacy and military strategy.

We have seen what Bismarck thought of policies of power and of prestige. To the soldier, however, the state is power; and the fear which its power inspires in other states, which is one form of prestige, is essential to its welfare, if not to its existence. Prestige, however, which is at best only the image or reflection of the substantial, and may be mere semblance or illusion, is protean in its aspects. It is often the reflection of success. It is often the illusion of dignity or of honor. To General Bernhardi (who in this respect, as in others, typifies the military mind) honor and dignity, as well as success in war and the fear which such success inspires, are all indistinguishably blended in the notion of prestige. He writes:

> War seems imperative when, although the material basis of power is not threatened, the moral influence of the state . . . seems to be prejudiced. . . . Apparently trifling causes may under certain circumstances constitute a fully justifiable *casus belli*, if the honor of the state, and consequently its moral prestige, are endangered. An antagonist must never be allowed to believe that there is any lack of determination to assert this prestige, even if the sword must be drawn to do so.[1]

Very weighty and very thorny questions are begged in the vague phrase, "under certain circumstances." The sentiments which long maintained the duel in England and in America, and still maintain it in continental Europe, are far stronger in the military class than among civilians. Today, as in the sixteenth century, the soldier is "jealous in honor, sudden and quick in quarrel." To slight discourtesies, even to lack of deference, the European officer, and particularly the German officer, exhibits an extreme sensitiveness. This reappears, pushed to the point

[1] Bernhardi, Germany and the Next War, translation, pp. 49, 50.

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of caricature, in the German corps student. Closely related to this sensitiveness is the disastrous notion that "trifling causes" may so endanger the prestige of the state as to justify war. Bismarck was a Junker; he had swung the *Schläger* at Göttingen; he was a Prussian military officer; but Bismarck the statesman wrote: "International conflicts, which can be settled only by wars between peoples, I have never regarded from the point of view of the student duel and its code of honor."[1]

Another difference between the military and the political mind, less fundamental, perhaps, but not less important, reveals itself when there is question of anticipating a war because it is deemed inevitable and the moment seems favorable. On this point Bismarck and Moltke were, on at least two occasions, of different opinions. In 1867, during the dispute over Luxemburg, Moltke said to a fellow member of the North German Parliament, Count Bethusy-Huc:

> I cannot but wish that the occasion given for a war with France were taken advantage of. Unhappily I regard this war as absolutely unavoidable within the next five years, and within this period the now indisputable superiority of our organization and weapons will be equaled by France. . . . The sooner, therefore, we come to blows the better.

Bethusy laid Moltke's views before Bismarck. The latter "recognized the justice of Moltke's remarks," but declared that he could not assume responsibility for the course of action proposed. "The personal conviction of a ruler or statesman, however well founded, that war would eventually break out, could not justify its promotion. Unforeseen events might alter the situation and avert what seemed inevitable."[2]

In 1875, again, when Germany was disquieted by the rapid reëstablishment of French power and by the apparently general

[1] Memoirs, p. 605; translation, vol. ii, p. 294.

[2] Essays, Speeches and Memoirs of Count Helmuth von Moltke, translation (1893), vol. ii, pp. 204, 205. Bismarck alludes to this episode in his Memoirs, pp. 441, 442, translation, vol. ii, p. 103. There is other contemporary evidence that in 1867 he was not convinced that war with France was either inevitable or desirable. In 1870 his view had changed. He had decided that war with France was necessary for the completion of German unity and was therefore to be promoted. *Cf.* article, January 16, 1893, in Hofmann, vol. ii, pp. 196, 197.

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desire of the French people for revenge, and when the German military party wished to crush France before it became stronger, Bismarck opposed the plan. Of this episode he wrote:

Such a war, in my opinion, would not have led to permanently tenable conditions in Europe, but might well have given rise to a common feeling of distrust on the part of Russia, Austria and England and eventually to concerted action on their part against the new and not yet consolidated Empire, which, in waging such a war, would have started on the road on which the first and second French Empires, in a continuous policy of war and prestige, went to meet destruction. Europe would have seen in our action an abuse of the power we had acquired, and everyone's hand . . . would have been persistently raised against Germany or would have been on the sword hilt.[1]

According to Bismarck, the military plan of seizing the first favorable opportunity of crushing France was not abandoned in 1875. "Later also," he says, this plan was advocated; but he remained convinced that it was impossible to say that any war was inevitable. No one, he said, "can look into the cards held by Providence."[2] And, as was his wont, he summed up his views in a single pregnant phrase, declaring that offensive war to anticipate a possible attack was, "in a sense, suicide in apprehension of death."

[1] Memoirs, p. 519; translation, vol. ii, p. 192. *Cf. ibid.*, pp. 516–522; translation, vol. ii, pp. 188–195. *Cf.* also article, November 4, 1892, in Hofmann, vol. ii, pp. 160, 161.

It was assumed at the time in France and in England, and it is still commonly asserted, that Bismarck himself supported the plan of attacking France in 1875, and was deterred only by Russian and English protests. Of this I find no proof; and such an attitude on Bismarck's part seems to me improbable, because it would have been inconsistent with his entire policy from 1871 to the close of his administration. By those who assert Bismarck's desire to force a war in 1875, no value is attached to his own denials; wrongly, I think; for while Bismarck sometimes was guilty of suppressing the truth and of suggesting falsehood, he had a possibly inconsistent but very marked unwillingness to employ the lie direct. Testimony that Bismarck was not in sympathy with the plan of the military party is afforded in the diary of Prince Hohenlohe, who at the time was the German ambassador in Paris. *Cf.* Memoirs of Prince Hohenlohe, translation, vol. ii, pp. 129, 131, 145–146, 155, 160. The truth seems to be that Bismarck permitted the threat of war to be carried to a certain point for the sake of checking open expression of French hostility.

[2] Memoirs, p. 442; translation, vol. ii, p. 103.

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Bernhardi reasserts the military point of view:

When there are indications of an offensive alliance of stronger enemies who only await the favorable moment to strike, the moral duty of the state towards its citizens is to begin the struggle while the prospects of success and the political circumstances are still tolerably favorable.[1]

Bismarck did not live to see the formation of the Triple Entente, to which Bernhardi obviously alludes; but, long before Russia and France had joined hands, he had spoken of the possibility of a future war with these powers and of the attitude which Germany should assume. In 1888, addressing the German Parliament, he said:

If I were to come before you and say: We are seriously menaced by France and by Russia; it is to be foreseen that we shall be attacked; that is my conviction as a diplomatist, based also on military information; for our defense it is better to employ the anticipatory thrust of the attack and open hostilities at once; accordingly, I ask the Imperial Diet for a credit of a milliard of marks in order to start the war against both our neighbors—well, gentlemen, I do not know whether you have sufficient confidence in me to vote such a grant. I hope not. . . . We must not let the advantage of the defensive position escape us, even if at the moment we are . . . superior to our future enemies. . . . Even if we are attacked at an unfavorable moment, we shall be strong enough for our defense. And we shall keep the chance of peace, leaving it to Divine Providence to determine whether in the meantime the necessity of war may not disappear.[2]

It is not when war seems probable in the near future, but when it is in sight, that military considerations come into sharpest conflict with the aims of the diplomatist. On more than one occasion, during the German unity wars, the military demand for prompt action threatened to deprive Bismarck of the time he needed for the attainment of his diplomatic ends. In 1864, when it seemed to him of the utmost importance that Prussia should take no steps without Austria, it was a military point of honor that menaced his policy. He tells the story in his memoirs:

[1] Germany and the Next War, translation, p. 53.

[2] Speech of February 6, 1888.

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Our further coöperation with Austria was imperiled, in the first place, by energetic pressure of military influences on the king, to persuade him to cross the Jutland frontier without Austria. My old friend Field Marshal Wrangel telegraphed to the king, and not in cipher, the grossest insults against me. In one of these telegrams there was a passage, obviously referring to me, about diplomatists who belonged on the gallows.[1]

More important and more typical was a difference of opinion between Bismarck and Moltke in 1866. In the four months preceding the war against Austria, Bismarck conducted what, for our present purposes, is perhaps the most instructive of all his *ante bellum* campaigns. Precisely because he was forcing war upon Austria, he was particularly anxious to avoid the appearance of aggression. Accordingly, at every stage in the dispute, he kept Prussia one move behind Austria in the matter of open military preparations. In the middle of March, Austria concentrated troops in Bohemia. In reply, Prussia placed its active army in a state of readiness for war. In the course of April, several of the smaller German states began to make military preparations. On April 8, a treaty of alliance was concluded between Prussia and Italy, and Italy began to mobilize. Austria then mobilized in the south against Italy; and, in the last days of April, it ordered a general mobilization. During this month, Austria twice offered to stay its military preparations if Prussia would do the same; but it demanded free hand against Italy, and Prussia refused to leave its ally in the lurch. During the first half of May, Prussia mobilized its reserves and concentrated troops on the Saxon frontier and in Silesia. Then it waited. At this point, Moltke lost patience. He wished an immediate commencement of military operations, because, with every day's delay, the imperfectly equipped and only partially concentrated hostile forces were growing stronger.[2] King William, however, supported Bismarck, and the Prussian troops were held in leash for nearly a month after mobilization.

[1] Memoirs, p. 323; translation, vol. i, p. 379.

[2] Sybel, Begründung des deutschen Reichs, vol. iv, p. 421; translation, vol. iv, p. 471.

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Then at last Bismarck got what he was waiting for—overt aggression on the part of Austria.[1]

These were not the only differences between Bismarck and the General Staff. Other conflicts are recorded, concerning the conduct of military operations and concerning terms of peace. When war has broken out, the leaders of the army resent, and not without reason, the intrusion of political considerations in the discussion of what are primarily military questions. Bismarck, however, insisted that "the determination and limitation of the objects which are to be attained by war . . . are and remain, during the war as before its outbreak, political problems; and the way in which these are solved cannot be without influence upon the conduct of the war."[2] As regards terms of peace, Bismarck came once at least into sharp conflict with the leaders of the Prussian army. In 1866, after the defeat of Austria, they wished to enter Vienna and to demand cession of Austrian territory as well as a large war indemnity. Believing that the common interests of Austria and Germany would eventually draw them together again, and desiring to avoid such resentment as needlessly humiliating terms of peace would leave rankling in Austrian minds, Bismarck successfully opposed these demands. In 1870–71, also, there seems to have been a difference of opinion between Bismarck and the military men regarding the annexation of French territory. Here again, Bismarck appreciated the dangers of lasting rancor on the part of the defeated nation; but how far and how strongly he opposed the military demands is uncertain. In any case, the reasons that he gave for the annexation of Alsace and Lorraine to Germany were purely strategic. This is, I think, the only instance in which he allowed his political instincts to be controlled by military considerations.

[1] As regards the manner in which a country should meet a menacing concentration of troops on its frontier, Bismarck expressed himself twenty years later in the same sense in which he acted in 1866. Concentration of troops, he said, was a matter concerning which explanations even were not to be demanded. "If one begins to ask for explanations, the reply may be somewhat ambiguous, and then the triplication will be quite free from ambiguity." Concentration of troops should be met by taking quietly the necessary military precautions. Speech of February 6, 1888.

[2] Memoirs, p. 445; translation, vol. ii, p. 106.

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In all these conflicts, the military opponents of Bismarck showed failure to appreciate the imponderables. This, I think, is typical of the military mind. The business of the diplomatist is to persuade; that of the soldier is to crush. The diplomatist has to get under the skin of his adversary, not with lead or steel, but with imagination. And when it comes to divining the sentiments and prejudices of men of alien blood and speech, it is necessary to be well versed in their national history. For these and other studies essential to the diplomatist, the military officer has no sufficient leisure. With the increasing complexity of the instruments and methods of warfare, his professional training becomes more and more exacting of toil and of time.

When the question is of anticipating or averting a probable war, or of hastening or delaying an imminent war, the strategist, because he does not give due consideration to the imponderables, is unable justly to appreciate the political advantages of the defensive attitude. He is apt, rather, to ignore them entirely, because of his appreciation of the advantages of aggression. Earlier mobilization may mean initial victories; these encourage his soldiers and discourage the enemy's. Initial success, again, may well have more influence on the attitude of doubtful allies or wavering neutrals than any prejudice created by aggression. Desire to keep his country's attitude correct on the face of the record seems to him an idle scruple; to permit the enemy either to grow stronger or to strike first seems a crime. When Moltke heard of Bismarck's decision not to fight France in 1867, he said: "Bismarck's standpoint is unassailable; but it will one day cost us many human lives."[1] And the younger Moltke (German chief of staff at the outbreak of the present war) is reported to have said in 1913: "The commonplaces as to the responsibility of the aggressor must be disregarded. . . . We must forestall our principal ad-

[1] Memoirs of Moltke, *loc. cit.* In this instance Moltke's forecast seems not to have been verified. During the three years 1867–1870 the reorganization of the forces of the smaller German states on the Prussian model gave Germany a greater accession of strength than France secured by its military reforms and improved armament. That in 1867 any success comparable to that of 1870 could have been gained by Germany with smaller sacrifices is highly improbable. *Cf.* Bismarck, September 16, 1892, in Hofmann, vol. ii, p. 150.

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versary as soon as there are nine chances in ten that we are going to have war."[1]

Bismarck's reflections on the relation of military aspirations to state policy are presented in many parts of his memoirs. I quote one passage:

> It is natural that, in the General Staff of the army, not only younger officers of ambition but also strategists of experience should feel the desire to turn to account and to make clear on the pages of history the efficiency of the troops they lead and their own capacity for leadership. It would be regrettable if the warlike spirit did not thus permeate the army. The duty of keeping the effects of this spirit within the limits which the need of the people for peace may justly demand, rests upon the political and not upon the military heads of the state. That the General Staff and its chiefs . . . have occasionally permitted themselves to be misled into imperiling peace lies in the necessary spirit of the institution—a spirit which I should not desire to see disappear. It becomes dangerous only under a monarch whose policy lacks sense of proportion and capacity of resisting one-sided and constitutionally unjustifiable influences.[2]

Throughout the reign of William I, as Bismarck here implies, diplomacy had a fair hearing whenever military considerations threatened to thwart the attainment of its ends. That the case for diplomacy was always effectively presented goes without saying; but it should be remembered that even a statesman of Bismarck's personal force and power of persuasion would have been seriously handicapped in such conflicts if he had not been able to speak with the authority of an independent and responsible minister. He had this authority because William I did not conceive that a monarch should personally direct either domestic government or diplomacy.

William II seems to have taken from the outset a different view of monarchic duty. Even before Bismarck's retirement from office, the old prince had prophesied that the young emperor would some day be his own chancellor. In fact, William

[1] Report of Jules Cambon, French ambassador in Berlin, May 6, 1913. French Yellow Book, no. 3.

[2] Memoirs, p. 442; translation, vol. ii, p. 103.

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II appears to have taken into his own hands, among other matters, the supreme direction of Germany's foreign relations. It is therefore hardly an exaggeration to say that, in conflicts between military strategy and diplomacy, not only the decision but also the effective representation of the diplomatic view has devolved upon the emperor. His chancellors have been vice-chancellors; his secretaries of state for foreign affairs have been under-secretaries. When the chancellorship was held by men of such intelligence and force as Hohenlohe and Bülow, they were doubtless able to exercise no little influence. During the chancellorship of Caprivi and that of Bethmann-Hollweg, the imperial initiative seems to have been subjected to less restraint. Direct monarchic government, however, inevitably tends to draw into ministerial office men of the Caprivi type rather than men of the Hohenlohe type. Not only are they easier to get, but it is easier to keep them. When, in connection with the first of the "chancellor crises" after Bismarck's retirement, the German press commented on the scarcity of suitable candidates, Bismarck said: "To find persons who, by virtue of their talents as well as their character, seem indicated for the position of imperial chancellor, but who represent no convictions of their own, is of course no easy matter."[1]

VI

That in 1914 the Austrian and German governments succumbed to the peril which Bismarck always successfully resisted, that they sacrificed the moral and political advantages of the defensive position to the strategic advantages of the prompt attack, is clear on the face of the record. The rapidity with which they acted is in itself conclusive. If they desired to avert a European war, the space of eight days (July 23–31) was obviously insufficient to obtain an adjustment of the differences between Austria and Russia; and it proved insufficient even to reach an agreement on any method by which these differences might be adjusted. If, on the other hand, Austria and Germany desired to promote a European war, they could not

[1] March 14, 1893, in Hofmann, vol. ii, p. 217.

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hope within so short a time to force Russia against its will to any overt act of hostility.

According to the military plan of the central empires, Austria was to crush Servia before Russia could effectively intervene. If Russia could be restrained from intervention,[1] well and good. Austria's position in the Balkan peninsula would be strengthened, and its prestige [2] would be enhanced. If, however, Russia should intervene, France of course would support Russia; and in that case Germany was to cripple France before the slow-moving Russian masses could seriously threaten Austria-Hungary or

[1] That Austria and Germany expected to succeed in localizing the Austro-Servian war seems improbable. The fact that their diplomatists steadily asserted such an expectation is quite explicable; they were steadily maintaining that Russia had no reason to interfere, and they could not well say that they expected Russia to act unreasonably. If, indeed, Great Britain had aided the central empires in their effort to restrain Russia, as the German Foreign Office urged it to do (British Blue Book, nos. 11, 46), and as the German chancellor (speech in the German Parliament, December 2, 1914) still asserts that it should have done, it is at least possible (although not, as he affirms, certain) that Austria would have been permitted to chastise Servia without Russian interference. That Germany expected Great Britain to follow any such course—to cut loose from the Triple Entente and to support the policy of the central empires—is, however, hardly credible. And it must not be forgotten that Russia warned Austria and Germany, on July 24 and later, that it could not remain indifferent to the fate of Servia (German White Paper, annex 4; Russian Orange Paper, no. 10). On the other hand, British and Italian diplomatists were of the opinion that Germany and Austria did not think Russia in earnest (British Blue Book, nos. 71, 80; French Yellow Book, nos. 50, 96), at least not until July 29 (British Blue Book, no. 94). And, according to the Russian minister of foreign affairs, the German ambassador at St. Petersburg assured his government that Russia would not go to war (British Blue Book, no. 139), and "completely broke down" on learning that war was inevitable (*ibid.*, no. 97).

[2] It is an interesting and possibly significant fact that the one European power whose "prestige" seems to have been in question was Austria. In the entire diplomatic correspondence published by the different governments we find the word used only in reference to this power. It was employed to explain the Austrian attitude, not only by Italian, French and Russian diplomatists (British Blue Book, nos. 38, 76, and Russian Orange Paper, no. 14), but by the Austrian minister of foreign affairs himself, who told the British ambassador at Vienna, July 28, that the "prestige of the Dual Monarchy was engaged, and nothing could now prevent conflict" with Servia (British Blue Book, no. 61). Without using the word "prestige," the German Foreign Office indicated the existence at Vienna of a degree of touchiness closely related to the soldier's and duelist's sense of honor: Germany hesitated to urge Austria to moderation, because "any idea that they were being pressed would be likely to cause them to precipitate matters." British Blue Book, nos. 76, 107, and Russian Orange Paper, no. 51.

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Germany. This plan, which was not first formed in 1914,[1] was revealed in all its essential details at the outbreak of the war. In the published diplomatic correspondence we can see how it controlled all the negotiations and thwarted every effort of German diplomacy to maintain even the semblance of a pacific attitude.[2]

Of the relations between diplomatic and military plans and efforts at Vienna we know practically nothing.[3] Of the situation in Berlin, however, we know a good deal. There is evidence that the German Foreign Office, if left to its own devices, would have tried to play the diplomatic game on Bismarckian lines, keeping one move behind the adversary in military preparation. On July 27, the German secretary of state for foreign affairs, von Jagow, told the French ambassador, Jules Cambon, that "if Russia mobilized, Germany would be obliged to mobilize as well." In reply to Cambon's question, "if Germany would believe herself bound to mobilize in the event of Russia mobilizing only on her Austrian frontier," von Jagow replied in the negative. He added that "if Russia attacked Austria, Germany would have to attack at once on her side. The proposed British intervention in St. Petersburg and Vienna could therefore . . . become effective only if events were not precipitated."[4] Events, however, were precipitated. On July 30, on the basis of information received from one of the other ambassadors in Berlin, Cambon reported to Paris:

[1] *Cf.* dispatch of the French ambassador in Berlin, May 6, 1913; French Yellow Book, no. 3.

[2] That other governments besides those of Germany and of Austria were influenced by strategic considerations is indubitable. This is particularly clear in the case of Russia; *cf.* Russian Orange Paper, no. 48; French Yellow Book, nos. 103, 118; British Blue Book, nos. 44, 70, 97, 113. Neither Russia nor its allies, however, allowed military considerations so to control their policy as to lose the moral and political advantages of the defensive position.

[3] We hear something, however, of divergent desires. A French consular report asserted, July 20, that the Austrian minister of foreign affairs and the diplomatists wished "at most a localized operation against Servia," while a military group accepted "the idea of a conflict on a general scale—in other words, a conflagration." French Yellow Book, no. 14.

[4] French Yellow Book, no. 67. Von Jagow made the same statements to the British ambassador in Berlin; *cf.* British Blue Book, no. 43.

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According to the under secretary of state, the military authorities are urging strongly that mobilization should be decreed, on the ground that any delay will lose Germany some of her advantages. Up to the present, however, it has been possible to resist successfully the haste of the General Staff, which in mobilization sees war.[1]

Later in the same day, Cambon had a conversation with von Jagow, in which the latter expressed his fear that

> Austria might mobilize completely in consequence of the partial Russian mobilization, which might bring about the answering blow of total Russian mobilization and, in consequence, that of Germany. I pointed out . . . that he himself had said to me that Germany would not consider herself forced to mobilize unless Russia mobilized upon the German frontier, and that such was not the case. He replied that that was true, but that the heads of the army insisted that all delay was a loss of strength to the German army.[2]

Two days later, August 1, von Jagow had to tell the British ambassador, Sir Edward Goschen, that Germany had answered Russian mobilization, not with German mobilization, but with an ultimatum demanding that Russia demobilize, and, having received no answer, was about to declare war. For this decision he had, of course, none but a strategic explanation:

> Russia had said that her mobilization did not necessarily imply war, and that she could perfectly well remain mobilized for months without making war. This was not the case with Germany. She had the speed and Russia had the numbers, and the safety of the German Empire forbade that Germany should allow Russia time to bring up masses of troops from all parts of her wide dominions.[3]

On July 31, when the German government decided to demand Russian demobilization, the German Foreign Office finally abandoned the attempt to conduct negotiations on the traditional diplomatic lines. On that day the British ambassador, acting on instructions from London,[4] asked von Jagow whether Germany would respect the neutrality of Belgium. The latter replied, according to Goschen's report, that

[1] French Yellow Book, no. 105.
[2] *Ibid.*, no. 109.
[3] British Blue Book, no. 138.
[4] *Ibid.*, no. 114.

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he must consult the emperor and the chancellor before he could possibly answer. I gathered from what he said that he thought any reply they might give could not but disclose a certain amount of their plan of campaign in the event of war ensuing, and he was therefore very doubtful whether they would return any answer at all.[1]

In fact no answer was given until three days later, on August 4, when the German troops had already crossed the Belgian frontier. Then von Jagow again had to explain Germany's action; and again he could defend it only on strategic grounds:

> They had to advance into France by the quickest and easiest way, so as to be able to get well ahead with their operations and endeavor to strike some decisive blow as early as possible. It was a matter of life and death for them, as, if they had gone by the more southern route, they could not have hoped . . . to have got through without formidable opposition entailing great loss of time. This loss of time would have meant time gained by the Russians for bringing up their troops to the German frontier. Rapidity of action was the great German asset, while that of Russia was an inexhaustible supply of troops.[2]

The conduct of Austro-German diplomacy during the critical period, July 23–31, is open to censure alike from the strategist and from the diplomatist. If for strategic reasons the "commonplaces as to the responsibility of the aggressor" were to be disregarded, why was an ultimatum not sent to Russia earlier? Why not demand, as soon as Austria had declared war on Servia, that Russia pledge itself to keep the peace? On the other hand, if the diplomatic game was to be played at all, why not play it out? The least defensible of policies is a vacillating policy.

In the present state of our information it is as difficult to say why conversations between Vienna and St. Petersburg were opened on the 30th of July as to explain why they were cut off at midnight on the 31st. The only theory that seems at all plausible is that of the French ambassador in Berlin. Writing on July 29, he reported that the German chancellor had promised

[1] British Blue Book, no. 122. *Cf.* French Yellow Book, no. 123.

[2] British Blue Book, no. 160, at page 78.

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to urge upon Vienna direct negotiations with St. Petersburg, and he added:

> The chancellor's attitude is very probably the result of the last interview of Sir Edward Grey with Prince Lichnowsky [German ambassador in London]. Up to these very last few days people have flattered themselves here that England would remain aloof, and the impression produced by her attitude upon the German government and upon financiers and business men is profound.[1]

Doubt as to Great Britain's attitude might well induce the German General Staff itself to think twice before forcing war upon Russia. Whether Germany hoped to gain its "place in the sun" by peaceful arrangements with Great Britain, or expected to develop its world power on the ruins of the British Empire, it is inconceivable that it intended to fight Great Britain at the same time that it was fighting Russia and France. And until July 29 the German government seems to have been confident that Great Britain would remain neutral. On what grounds was this confidence based?

When we read the official and unofficial explanations of Great Britain's intervention which have been advanced on the part of Germany since the outbreak of the war, and which aim to show that Great Britain had quite other reasons for intervening than Germany's breach of Belgian neutrality, our perplexity increases. When, for example, we are reminded that for centuries it has been Great Britain's policy to promote and support continental coalitions against any continental state which threatened to obtain a dominating position, especially if such a state was developing sea power, we wonder why this fact was not taken into account by the German government before the outbreak of the present war. And when we are told that to Great Britain itself —to take the German chancellor's most recent explanation of his famous phrase—the treaty of 1839 was only "a scrap of paper," we wonder why, in a country justly renowned for its painstaking historical research, it should be forgotten that the

[1] French Yellow Book, no. 92. The same explanation of the German change of attitude was given by the Italian minister for foreign affairs, July 30; *cf.* British Blue Book, no. 106.

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neutralizing of Belgium in 1839, like the creation of the kingdom of the Netherlands in 1815, was chiefly promoted by Great Britain, for the quite intelligible purpose of preventing this part of the European coast line from being used as a base for military operations against its own territory.

Some of the arguments which Germany addressed to Great Britain in order to dissuade that power from intervening to protect France or Belgium are quite similar to those which Austria and Germany addressed to Russia, in order to show that Russia had no reason to intervene for the protection of Servia. Austria assured Russia that, if the war were localized, it would undertake to respect the integrity and to guarantee the continuance of the Servian state.[1] In a conversation with the British ambassador on July 29, the German chancellor, after stating that it was clear to him "that Great Britain would never stand by and allow France to be crushed," proceeded to reassure the ambassador:

> That, however, was not the object at which Germany aimed. Provided that the neutrality of Great Britain were certain, every assurance would be given to the British government that the Imperial government aimed at no territorial acquisition at the expense of France should they prove victorious in any war that might ensue.[2]

In the same conversation, the German chancellor said that if, in consequence of the action of France, Germany should be forced to enter upon operations in Belgium, "Belgian integrity would be respected if she had not sided against Germany." In each case there appears to have been an assumption that such an undertaking would be satisfactory; that any result of war short of annexation would be unobjectionable. The Russian objection to the crushing of Servia, however, and the British objection to the crushing of France rested chiefly on the effect upon the balance of power in the Balkans and in Europe. From the political point of view, it is not by annexation alone that the

[1] German White Paper, Memorandum, annexes 3, 10, 10 A, 10 B; Russian Orange Paper, nos. 28, 35, 60; British Blue Book, nos. 47, 48, 59; French Yellow Book, no. 62.

[2] British Blue Book, no. 85.

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balance of power is affected. If, as a result of war, Servia became politically dependent on Austria, or France were seriously weakened, the balance of power would be disturbed. The difference would be one of degree only. Similarly as regards Belgium: if that country were used as a base of military operations against France, a precedent would be created for using it, in a future war, as a base of operations against England. This peril might be greater if Belgium were annexed by Germany, but it would not be obviated by the reëstablishment of Belgium as a nominally independent and neutralized state. Here again the difference would be in degree only. To the military man, on the other hand, the balance of power appears to be seriously disturbed only by annexation, because only in such event can the victorious state build fortresses and levy troops in the conquered territory. I do not mean to imply that military men do not recognize that the balance of power is affected when a country is weakened by a crushing defeat and loaded with a heavy war indemnity, or when it has become politically dependent upon the conquering power; but the difference between these results and outright annexation seems to them, I think, one of kind rather than one of degree. If the Austrian and German governments seriously expected these proffered pledges to influence the action of Russia or of Great Britain, the point of view which they took, and apparently assumed that Russia and Great Britain would also take, was, I suggest, military rather than political.

By July 29, however, if not earlier, the Austrian and German governments had apparently become convinced not only that Russia would probably intervene but that Great Britain also might intervene.[1] Why then did Germany precipitate the continental war by its ultimatum to Russia and give Great Britain formal cause for war by the invasion of Belgium? Partly, beyond a doubt, because the greater the number of hostile powers, the more necessary it seemed to realize to the full the advantages of superior military preparation; partly, also, and perhaps

[1] For British warnings, which became increasingly grave in tone, *cf.* British Blue Book, Introductory Narrative and nos. 48, 89, 101, 102, 109, 111, 123.

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mainly, because all along Austria and Germany had counted, in the case of Russia, on internal dissensions and possible foreign complications[1] and, in the case of Great Britain, on the imminence of civil war in Ireland[2] and the possibility of revolts in India, in Egypt and in South Africa. If these difficulties and dangers did not deter Russia or Great Britain from war, they would at least make it difficult for either of them to wage war efficiently. In case of Great Britain, the German government apparently hoped to the last that peril of sedition would prove deterrent. They could not have believed that Great Britain would not like to fight, but they persuaded themselves that it would be unable to fight.[3] They reached this conclusion, however, only by ignoring the fact, familiar to every student of history, that foreign war usually allays and often ends internal dissensions. Today, not only is this point appreciated in Germany, but we are told that Great Britain went to war in order to shelve the Irish question!

Upon the question whether the German government expected to use Belgium as a military highway into France without encountering Belgian resistance, or anticipated and possibly desired resistance, I shall not venture to express an opinion. It is obvious that Belgian resistance has enabled the invaders to use not only the territory but all the resources of this country in the prosecution of the war and has opened the way for its

[1] British Blue Book, nos. 32, 71; French Yellow Book, no. 35.

[2] French Yellow Book, no. 35. It will be remembered that there was armed conflict, accompanied by loss of life, in Dublin, July 26.

[3] The question whether, as has been repeatedly urged, Great Britain could have prevented the war by placing itself from the outset unequivocally on the side of Russia and France lies outside the scope of this paper. To ask this question is to concede that the attitude of Austria and Germany was aggressive. The question raised is whether their aggression could have been checked by a British threat of war. The British government gave its reasons for not pursuing such a course during the negotiations (British Blue Book, nos. 6, 17, 24, 44, 59), and it has since more fully developed its argument on this point (speech of Sir Edward Grey in the House of Commons, August 3; *ibid.*, at pp. 89–91). It may, however, be suggested that if, as is here maintained, the German expectation of British neutrality was based, not on any doubt as to Great Britain's inclination to intervene, but on the belief that Great Britain could not intervene, or at least could not intervene effectively, it is difficult to see why Germany should have attached any more weight to a threat than it actually attached to repeated warnings.

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annexation in case of final German victory; but to infer that, in view of these immediate and prospective advantages, the German government not only reckoned with but hoped for resistance, would be to attribute to that government intentions which it has not avowed and with which it should not be charged without direct evidence. If, however, Germany expected to go through Belgium without fighting the Belgians, this expectation must have rested upon the purely military consideration that resistance on the part of the Belgian militia was so hopeless as to be inconceivable. From the purely military point of view, even the Belgian General Staff could hardly have reached a different conclusion. It is of course evident that in permitting the passage of German troops Belgium would have ceased to be neutral and would have given France and Great Britain cause for war; but it would have had German support against these countries, with a German guaranty of its territorial integrity at the close of the war. And in case of German defeat, France and Great Britain might well have recognized the excuse of duress, *vis major*. The sentiments that seem to have determined Belgian resistance to Germany—love of independence, fidelity to treaty engagements and resentment against flagrant wrong—are of precisely the sort which the military mind is apt to undervalue. They are imponderables.

This study of the Austro-German diplomacy seems to lead to fairly definite conclusions. Military, not political, opinion decided that war was, if not desirable, at least inevitable; military strategy robbed diplomacy, not only of the time necessary to manœuver the adversaries into aggression, but even of opportunity to show a decent reluctance to engage in war; military strategy decided that the war must be carried at the outset through Belgium into France, leaving to diplomacy only the hopeless task of getting the German armies through Belgium into France without war with Great Britain. There are signs already that in the event of German defeat the diplomatists are to be made the scapegoats. That, however, will be unjust; for they really had no chance.

In assuming the control of diplomacy, military strategy appears to have defeated its own aims. Whatever may be the

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final outcome of the war, the original plan of campaign has failed. Neither Servia nor France has been crushed. And the original plan of campaign in the west seems to have failed because of the unexpectedly obstinate resistance of the Belgians and the unexpectedly efficient assistance which Great Britain was able to give to France. The most formidable fighting machine in the world has been unable to perform the task imposed upon it by its leaders; and the error in their calculations was undervaluation of the imponderables.

VII

From the outbreak of the war there has been, not only in countries opposed to Austria and Germany, but also in neutral countries, and particularly in the United States, a very general assertion that "militarism" is responsible. There has been also a general assumption that German or Prussian militarism is a unique phenomenon; that it differs from anything resembling militarism to be found in other countries, not in degree only, but in kind.

What do we really mean when we assert that a state is militaristic? It is clear, I think, that a state is not necessarily militaristic because it is prepared for war. It is not necessarily militaristic because it holds all its able-bodied male citizens to military service, as is the case in Switzerland, nor because it holds them to three years of training, as is the case in France, nor because it has a powerful navy, as is the case with the United States. Nor is a state militaristic because it has a large body of professional military officers whose duty it is to form plans for the conduct of war, and who are apt to regard war with other feelings than those of the normal civilian. A nation is militaristic just in so far as the views and feelings natural and almost necessary in its army and navy are shared by its civilians, especially by those who are able to direct national thought and to create national sentiment. In a nation, as in an individual, militarism is a state of mind. The more fully a national mind is militarized, the more difficult it becomes for the political heads of the state to subordinate military to political considerations. They may even fail to give due weight to purely political considerations,

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because their own minds have been militarized. When this happens, the state itself has become militaristic.

The peril that foreign policy may be controlled by considerations of military strategy is of course greatest in such a state. It is, however, not confined to such a state. The characteristics of the military mind are everywhere the same, and the antithesis between the military mind and the political mind is not only perpetual but universal. Military appreciation of the advantages of the attack will always and everywhere tend to rob diplomacy of the time necessary to accomplish its proper tasks and may direct any government into unwise and possibly disastrous action. And if this peril is particularly great under personal government, it must be remembered that in monarchies and republics alike, under every system of government which obtains in the civilized world, the conduct of diplomacy is personal: it is in the hands of the chief executive and of the secretary or minister of foreign affairs. To show that Great Britain and the United States may be exposed to the same perils to which Austria and Germany succumbed in 1914, two illustrations must suffice.

When in 1912[1] the British military attaché in Brussels told the Belgian general with whom he was conferring that, in case of necessity, the British government would land troops in Belgium without waiting for any invitation from that country, he neither committed the Belgian government to any such arrangement, since the Belgian general protested that Belgian consent was necessary, nor did he commit his own government, because, fortunately, he had no power to do so. He gave, however, a typical illustration of the incapacity of the military man to appreciate the importance of keeping one's country in a correct attitude on the face of the record.[2]

Just before the outbreak of the Spanish-American war, the acting secretary of our navy urged President McKinley to send out a fleet to meet and destroy the Spanish fleet without waiting for a formal declaration of war.[3] Here we have a classical

[1] Or 1911. The date seems to be uncertain.

[2] The Case of Belgium, p. 12.

[3] John D. Long, The New American Navy, p. 174.

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example of the danger that even the civilian, if charged with military responsibility and preoccupied with military problems, may leave out of his reckoning a very important imponderable —the opinion of civilized mankind.

I have spoken thus far only of the dangers which a nation incurs by permitting its diplomacy to be controlled by strategic considerations. There is, however, a far broader aspect to the problem. Of all means which civilization has provided to avert war, negotiation is the most important. Direct negotiation may be and often is supplemented by the friendly offices of nations not immediately concerned and by offers of mediation; but these are but extensions of negotiation. Arbitration is a potent agency for the peaceful settlement of controversies, but arbitration cannot be set in motion without negotiation. For negotiation time is essential. In the interest of the peace of the world, therefore, it is of the highest importance that the political heads of every state should be ever on their guard against the attempts of their military advisers to convince them that immediate attack is necessary. It is almost always declared to be a matter "of life or death." To the nation primarily concerned it is usually, in fact, only a matter of greater or less chance of initial success. To peace, however, it is always a matter of death.

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SOUTH AMERICA AND THE MONROE DOCTRINE, 1824–1828

IT is the purpose of this article to describe briefly the reception of President Monroe's message to Congress of December 2, 1823, by the republic of Colombia, the empire of Brazil, and the provinces of the Rio de la Plata.

Colombia had been placed upon the map of South America by virtue of the victories won over the Spanish royalists by the revolutionary soldiers who were led by the military genius, Simón Bolívar. According to the Colombian constitution of 1821, this republic was to include the territories which under Spanish rule had been organized into the captain-generalship of Venezuela and the viceroyalty of New Granada.[1] In 1823 the titular president of "Great Colombia" was Bolívar the Liberator; but as he had led his conquering soldiers against the royalists in Peru, the able vice president, General Francisco de Paula Santander, acted as the chief civil executive of Colombia.[2] Richard C. Anderson of Colombia, the first minister plenipotentiary of the United States to Colombia, reached the capital city of Bogotá on December 10, 1823.[3] He soon became aware from conversations with the Colombian secretary of foreign affairs, Pedro Gual, that the Colombians were apprehensive of the designs upon America of that mysterious association of European monarchs known as the Holy Alliance. When reports of the capture of Cadiz by French soldiers acting as informal agents of the Holy Alliance reached Bogotá, the government of Colombia was startled: some Colombian officials feared that, having restored Ferdinand VII to the throne of Spain, the Allies might attempt to subjugate the independent states of Spanish America.

[1] The Colombian Constitution of 1821, which was framed at Cúcuta, is found in Blanco, J. F., Documentos para la historia de la vida pública del Libertador de Colombia, Perú, y Bolivia, viii, 24–40.

[2] Gil Fortoul, J., Historia Constitucional de Venezuela, i, 327, 328.

[3] Anderson announced his arrival at Bogotá in a letter to Adams, December 22, 1823, State Dept. MSS., Bureau of Indexes and Archives, Letters from Colombia, iii.

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Under these circumstances President Monroe's message to Congress of December 2, 1823, seemed opportune to the Colombians. Reports of this message reached Bogotá early in 1824. It was first brought to the notice of the Colombian public by an article in *la Gaceta de Colombia* which may have been written by Vice President Santander:

The United States has now begun to play among the civilized nations of the world that powerful and majestic rôle which befits the oldest and most powerful nation of our hemisphere. We deeply regret our inability to publish all of the message of the president to congress of December 2, for it is one of the most interesting documents which has emanated from the American government up to this time. It abounds in those suggestions and details which every free government ought to furnish its citizens in order that they may judge in regard to the interests of the nation with the proper exactness and discernment. How different is this frank and loyal mode of procedure from that horrid system which finds its stability in the secrets of the cabinet and in ministerial maneuvres. The enemies of liberty may take pleasure in the triumphs of that system on the European side of the Atlantic where its favorite principle of legitimacy has numerous partisans. In this favored continent there are no classes interested in perpetuating the ignorance of the people so that they may thrive upon prejudice and stupidity. In America man is only the slave of the law, while in a large part of the Old World people still believe and obstinately maintain that kings are an emanation of divinity.

The partisans of this impious doctrine defend it rather because of self-interest than because of conviction. But, as they find some credulous persons and some persons who are victims of their own voluntary errors, they find support in them for their system of pretended legitimacy. Well and good, let the supporters of legitimacy extend their senseless system over that continent which, because of its enlightenment, is worthy of a better fate. If they wish, let them reduce to ashes the Swiss cantons, which rebelled against the august House of Hapsburg and established their independence by their own efforts. Let them take the throne of the Low Countries away from the House of Orange which today enjoys the fruit of its religious and political rebellion against the Catholic kings. Let them punish, if they are able, the thousandth generation in these and other countries of Europe for the sins of their ancestors against legitimacy. Their rage will ever be impotent on this side of the Atlantic. America is separated from those

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less fortunate regions by a vast ocean in which there will be drowned forever the hopes of those who imagine that we have not yet emerged from the darkness of the fifteenth century.

The perusal of the message which we have before us has consequently furnished us much pleasure, for the president of the United States has profited by the opportunity afforded by the differences pending with Russia to assert that the American continent is now so free and independent that henceforth it cannot be made the theater of colonization by any European power. Indeed the Americans of the North and of the South of this continent shall not again behold in their lands those hordes of foreigners, who, with the cross in one hand and a dagger in the other, would disturb the happiness and the peace which they today enjoy.[1]

Extracts from Monroe's message were also published in the city of Caracas. A gazette of that city declared that this message was highly interesting to all the states of Spanish America. It compared the foreign policy of the United States favorably with the policy of certain European powers.

What a difference between the politics of Washington and the politics of the cabinets of the Old World where all is mystery, intrigue, and sophism. . . . The Holy Alliance, that hypocritical federation of sovereigns . . . has decreed the extinction of liberal principles throughout the world. . . . On the contrary, the United States, as well as Great Britain, denies this pretended right of intervention, it respects the governments *de facto*, and does not interfere in the internal affairs of other independent nations.[2]

In a letter to the secretary of state, John Quincy Adams, dated February 7, 1824, Minister Anderson thus described the reception of Monroe's message in Bogotá:

Much of that solicitude, to which I have recently referred in my letters to you, in relation to the public affairs of this country as connected with the designs of certain European powers, is still felt by the persons in authority here and indeed by others; but great and I believe unaffected joy was expressed on the arrival of the President's

[1] *La Gaceta de Colombia*, 1 de febrero de 1824.

[2] As quoted by Blanco, J. F., Documentos para la historia de la vida pública del Libertador de Colombia, Perú, y Bolivia, ix, 122, 123.

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message, at the views therein communicated to Congress, regarding the feelings and policy of the United States in the event of European interference in the political affairs of this continent. Some declared that it would have the salutary effect of repressing the designs and averting the calamity so much deprecated, while others less sanguine in their opinion of its preventative tendencies, seemed to derive their joy from the contemplation of the actual aid which the course indicated might give in the expected contingency; but all declared that the views assume the true American ground.

From the conversations, which I have hitherto detailed to you, between the secretary of foreign affairs and myself, you will readily believe that the language and sentiments of the message were very acceptable to him, and he took occasion in a recent conversation to tell me, that they were peculiarly grateful to the vice president.[1]

Indeed, Vice-President Santander had already mentioned Monroe's message in his correspondence with Bolívar. In a letter to Bolívar on February 6, 1824, in which he discussed the threat of intervention in Spanish America by European powers, Santander said: "It appears to me that England will prevent the intervention of any power in the South American war: the message of the president of the United States impresses me similarly. . . ."[2] On March 15, 1824, in another letter to Bolívar, Santander said:

The message to the congress of the United States has made a deep impression in Europe. The Holy Alliance is burning with anger not only because President Monroe has assumed a threatening tone, but because it suspects that Great Britain has concurred in the message. King Ferdinand has appealed to the Holy Alliance to solicit mediation with the governments of Spanish America. But England persists in declining to attend a European congress summoned to discuss American affairs.[3]

[1] State Department MSS., Bureau of Indexes and Archives, Letters from Colombia, iii.

[2] O'Leary, S. B., Memorias del General O'Leary, correspondencia de hombres notables con el Libertador, iii, 138.

[3] *Ibid.*, 141, 142. For an account of the reception of Monroe's message of December 2, 1823, in Europe, see Robertson, W. S., The Monroe Doctrine Abroad in 1823–24, in *The American Political Science Review*, vi, 546–563.

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This letter suggests the keen interest with which Colombian leaders followed the moves in American and European diplomacy.

It was in April, 1824, when Bolívar, who had been given the title of Liberator of Peru, was about to leave his camp at Trujillo to start on the long and dangerous march over the Andes which culminated in the battle on the plains of Junín, that he read about Monroe's message of December 2, 1823, in a Jamaica gazette which reprinted the news on foreign affairs from the columns of the London *Courier*. It is not likely that Bolívar saw the entire text of the message at this time; but such as the news was, it pleased him. On April 28, 1824, in a letter to M. G. Guise, vice-admiral of the Peruvian navy, the Liberator made this comment on the news which he had received: "The United States of North America have solemnly declared that they will view as an act of hostility towards themselves whatever measures the powers of the European continent may take against Spanish America and in favor of Spain."[1] He evidently referred to the message of Monroe again in a letter to a royalist commander, General Olañeta, on May 21, 1824, when he said: "England and the United States protect us. You know that at present these two nations are the only two maritime powers in the world, and that no aid can come to the Spanish royalists but by sea."[2] The news of Monroe's message influenced Bolívar's thoughts with regard to his cherished project of a congress of Spanish-American states on the Isthmus of Panama, for in his instructions to the Peruvian delegates to that congress dated May 25, 1825, he urged that they should get the congress of Panama to publish a proclamation which should contain such "an energetic and efficient declaration" in regard to a prohibition of further European colonization in America and in opposition to European intervention in American affairs as had been made by President Monroe.[3]

[1] O'Leary, S. B., Memorias del General O'Leary, xxix, 487.

[2] *Ibid.*, 496. See further Blanco, J. F., Documentos para la vida pública del Libertador de Colombia, Perú, y Bolivia, ix, 320, 321.

[3] International American Conference, Reports of Committees and Discussions thereon, iv, 171.

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About a year before Bolívar wrote these instructions, the pronunciamento of Monroe had been publicly noticed by the government of Colombia. In a message to Congress on April 6, 1824, a message which was published in *la Gaceta de Colombia* three weeks later, Vice-President Santander declared:

The president of the United States has lately made his administration memorable by an act eminently just—an act worthy of the classic land of liberty. In his last message to congress he has declared that he will consider every act of intervention of any European power which aims to interfere with the destinies of the independent governments of America as a manifestation of a hostile disposition towards the United States. That government will consider any attempt on the part of the Holy Alliance to extend its system to any portion of the American hemisphere as perilous to the peace and safety of the new states. Such a policy, consolatory to the human race, might secure to Colombia a powerful ally in case her independence and liberty should be menaced by the allied powers. The executive of Colombia cannot remain indifferent to the advance thus made in the policy of the United States: he is actively engaged in determining the scope and intent of this policy.[1]

Indeed, sometime before Santander sent this message to congress, Pedro Gual had tried to sound Anderson as to the scope and intent of Monroe's message. As early as March 18, 1824, Gual had conferred with Anderson in regard to an expedition which he thought Spain was preparing for the subjugation of South America; Gual even suggested to Anderson that a defensive alliance should be formed between Colombia and the United States. The Colombian secretary argued that, in view of the "imbecility" of the mother-country, the United States ought to consider any expedition fitted out by Spain as supported by one of the Allies, and that no further evidence should be required "of that kind of interference contemplated by the President's message." Anderson wrote to Adams that he had assured the Colombian secretary that the size of the Spanish

[1] *La Gaceta Extraordinaria de Colombia*, 27 de abril de 1824. A translation of this message is found in British and Foreign State Papers, xii, 860. A discussion of the attitude of South America and of Mexico towards the Monroe Doctrine, 1824–1826, is found in Reddaway, W. F., The Monroe Doctrine (New York, 1905) pp. 95–97.

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expedition would constitute an important factor in aiding President Monroe to form a judgment as to the nature of the attempt. The language employed by Gual convinced the minister of the United States that the Colombian secretary would have been much pleased to receive assurances that the United States would consider any attempt of Spain against her former colonies as "in truth an effort of the Allies." [1]

Early in 1824 the notion that the Holy Alliance actually entertained designs against the autonomy of the Spanish-American republics was strengthened by reports of the movements of an agent of Louis XVIII, Benedict Chasseriau, who had been sent on a secret mission to South America. Chasseriau visited several towns in northern Colombia, but was ordered to leave Colombian soil before he could approach the government at Bogotá. Reports of the actions and words of Chasseriau made some Colombians suspect that he was the precursor of a French army of invasion.[2]

In a short time rumors of the mysterious mission of Chasseriau reached José María Salazar, who had been sent as minister plenipotentiary of Colombia to the United States. That minister accordingly expressed his fears in regard to the fate of his country to Secretary Adams. In a conference at the Department of State on July 1, 1824, Salazar suggested to Adams that the independence of Spanish America was in danger. Salazar affirmed that Chasseriau was on the way to Bogotá; he declared that France had proposed to recognize the independence of Colombia if that state would substitute a monarchy for her republican form of government, and he suggested that a proposal had actually been made by France that Bolívar should be crowned king of Colombia. Salazar gave Adams the impression that Colombia would not agree to these proposals. In view of the message of President Monroe of December 2, 1823, a grave question arose between these two diplomats in regard

[1] Anderson to Adams, March 18, 1824, State Department MSS., Bureau of Indexes and Archives, Letters from Colombia, iii.

[2] Inventaire Sommaire des Archives du Département des Affaires Étrangères, Correspondance Politique, ii, part i, 188, 189; Villanueva, C. A., La Monarquía en América, La Santa Alianza, 20–37.

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to the policy which the United States would pursue towards the alleged intrigues of France against the republics of Spanish America. The result of the conference was that Adams asked the minister of Colombia to present his views fully in writing.[1]

Salazar's views in regard to the political fortunes of his native land were accordingly set forth in a note to Adams on July 2, 1824. In the beginning of this note Salazar spoke hopefully of a material improvement in Colombia because of the establishment of independence. He expressed a belief, however, that the Holy Alliance had not renounced the doctrine of interference in the internal affairs of independent states. He maintained that the Allies particularly objected to the republican form of government which the Spanish-American states had adopted. The Colombian minister now attributed to Chasseriau statements like those which he had made verbally to Adams in regard to the policy of France towards the independence of Colombia. The doctrine of Monroe was invoked in the following words:

> My government has received with the greatest pleasure the message of the president of the United States, a work very worthy of its author, which expresses the public sentiment of the people over whom he presides. By virtue of this document it cannot be doubted that the government of the United States has undertaken to oppose the policy and the ulterior designs of the Holy Alliance. To judge by the sentiments of the English people, some acts of the English ministry, and the language of the English envoys at Bogotá, this appears to be also the decision of Great Britain.
>
> In such circumstances the government of Colombia desires to know in what manner the government of the United States intends to resist any interference of the Holy Alliance for the purpose of subjugating the new republics or of interfering with their form of government: Colombia desires to know if the United States will enter into a treaty of alliance with her to save America from the calamities of a despotic system; and finally, Colombia desires to know if the government of Washington interprets foreign intervention to mean the employment of Spanish forces against America at a juncture when Spain is occupied by

[1] Adams, C. F., Memoirs of John Quincy Adams, vi, 396; Salazar to Adams, July 2, 1824, State Department MSS., Bureau of Indexes and Archives, Notes from Colombian Legation, i.

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a French army, and when the government of Spain is under the influence of France and her Allies.

It appears that affairs are already in the condition depicted in the declaration of President Monroe, for it is generally asserted that an expedition composed of the ship "Asia" and of several frigates and brigs has sailed from Cadiz for the coasts of Peru. It is beyond doubt that Spain alone does not equip this expedition in her present condition of despotism and anarchy, without an army, without a navy, and without money. Notwithstanding her spirit of domination, that nation would ere now have decided for peace had she not been aided to wage war.

In the name of my government, therefore, and relying on the sympathy of the United States, I request these explanations which may serve Colombia for guidance in her policy and in her system of defense.[1]

Qn July 7 Salazar's note was considered at a meeting of Monroe's cabinet. Adams made this brief entry in his diary in regard to the answer: "The Colombian republic to maintain its own independence. Hope that France and the Holy Allies will not resort to force against it. If they should, the power to determine our resistance is in Congress. The movements of the Executive will be as heretofore expressed. I am to draft an answer."[2] Before the answer was sent, Monroe expressed his views in regard to the query of Colombia in letters to Thomas Jefferson and James Madison. In a letter to Jefferson on July 12, 1824, Monroe declared that this question was one which might be repeated by some of the other new states in the south: "surely none can be of higher importance to ourselves. . . . The attitude which we have to maintain, in this great crisis, is in the highest degree important to the whole civilized world, since we stand alone, with every power beyond the Atlantic against us, and with those on this side yielding us a very feeble, if any, support."[3] On August 2, 1824, Monroe wrote to Madison: "The subject will of course be weighed thoroughly in giving the answer. The Executive

[1] State Department MSS., Bureau of Indexes and Archives, Notes from Colombian Legation, i.

[2] Adams, C. F., Memoirs of John Quincy Adams, vi, 399.

[3] Hamilton, S. M., Writings of James Monroe, vii, 29, 30.

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has no right to compromit the nation in any question of war, nor ought we to presume that the people of Colombia [*sic*] will hesitate as to the answer to be given to any proposition which touches so vitally their liberties."[1]

It was, therefore, after the appeal of Colombia had been carefully considered by both the president and the secretary of state that Adams replied to Salazar on August 6, 1824. In this communication Adams expressed the hope that the language of Chasseriau in regard to the attitude of France towards the independence of the republic of Colombia had been misunderstood. He scouted the idea that France entertained a design to aid Spain by force of arms to recover her former dominions in America. The request for an interpretation of Monroe's message was answered in these words:

With respect to the question "in what manner the Government of the United States intends to resist on its part any interference of the Holy Alliance for the purpose of subjugating the new Republics or interfering in their political forms," you understand that by the constitution of the United States, the ultimate decision of this question belongs to the Legislative Department of the Government. The probability of such interference of the Holy Alliance having in a great measure disappeared, the occasion for recurring to the dispositions of the Legislature did not occur during the late Session of Congress.

The Sentiments of the president remain as they were expressed in his last annual message to Congress. Should the crisis which appeared then to be approaching, and which gave rise to the remarks then made, hereafter recur, he will be ready to give them effect by recommending to the Legislature the adoption of the measures exclusively of their resort, and by which the principles asserted by him, would with the concurrence if given, be on the part of the United States, efficaciously maintained.

As however the occasion for this resort could arise only by a deliberate and concerted system of the Allied Powers to exercise force against the freedom and Independence of your Republic; so it is obvious that the United States could not undertake resistance to them by force of Arms, without a previous understanding with those European Powers, whose Interests and whose principles would secure from them an active

[1] Hamilton, *op. cit.*, 31.

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and efficient coöperation in the cause. This there is no reason to doubt could be obtained, but it could only be effected by a negotiation preliminary to that of any alliance between the United States and the Colombian republic, or in any event coeval with it.

The employment of Spanish force in America, while Spain is occupied by a French army and its Government under the influence of France and her allies, does not constitute a case upon which the United States would feel themselves justified in departing from the neutrality which they have hitherto observed—the force itself being necessarily small; and in no wise changing the nature of the contest in the American Hemisphere.[1]

The relations between the United States and Colombia in 1824 illustrate the fact that there was in northern South America a widespread fear of the designs of the Holy Alliance upon the autonomy of South America. It is clear that contemporaries of Monroe in Colombia associated the principles announced in his message with the policy of opposition to intervention in Spanish America which had been announced to Prince de Polignac by the great English minister, George Canning. In 1824 prominent Colombian statesmen praised the message of Monroe, which seemed to be a guarantee of their independence from Europe. Almost immediately the government of Colombia asked the United States to translate that message into terms of action. It is noteworthy that this appeal evoked an exposition of Monroe's message which contained a declaration that definite action by Congress was necessary to enforce the principles of that message. The view that the United States would have to secure the active coöperation of certain European powers to enforce the Monroe doctrine by force of arms against an attack by the Holy Alliance upon Colombia was a startling interpretation to come from the virile pen of John Quincy Adams, who, in 1823, had declared that he did not wish the United States "to come in as a cock-boat in the wake of a British man-of-war."

While the states of Spanish America were trying to establish their independence upon a firm footing, the state of Brazil was

[1] State Department MSS., Bureau of Indexes and Archives, Notes to Foreign Legations, iii.

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being hewn out of the side of Portugal. The basis of the independence of Brazil from Portugal had been laid by the residence in Rio de Janeiro of the Portuguese royal family, which had fled from Lisbon in 1807 to escape the soldiers of Napoleon. When, in April, 1821, John VI, king of Portugal and Brazil, left Rio de Janeiro for Lisbon, he appointed his eldest son, Pedro de Alcantara, prince regent of Brazil. It was largely because of the reactionary policy of the Portuguese cortes that, in September, 1822, Don Pedro, assured of the support of many Brazilians, formally proclaimed the independence of Brazil from Portugal. On October 12, 1822, he was acclaimed constitutional emperor of Brazil at Rio de Janeiro.[1] The acceptance of the crown by Pedro I was followed by a revolutionary war to establish the independence of Brazil from Portugal. While the independence of Brazil was being assured by naval victories, a congress of delegates from the Brazilian provinces was trying to frame a constitution. As this congress failed to make a constitution which suited Pedro I, he forcibly dissolved it; on March 25, 1824, he promulgated "the political constitution of the empire of Brazil."[2]

Even before this constitution was promulgated, steps were taken to lay the foundations of a foreign policy. On January 21, 1824, Luiz J. de Carvalho e Mello, Brazil's minister of foreign affairs, appointed José Silvestre Rebello chargé d'affaires to the United States.[3] The instructions to Rebello, dated January 31, 1824, urged that envoy to ask for the recognition of the independence of the empire of Brazil by the United States. Evidently Carvalho e Mello at once took cognizance of the message of President Monroe to Congress of December 2, 1823; for in the English translation of Rebello's instructions

[1] For a detailed discussion of the independence of Brazil from Portugal see Oliveira Lima, M. de, Formation Historique de la Nationalité Brésilienne, 151–168; Pereira da Silva, J. M., Historia da Fundação do Imperio Brazileiro (Rio de Janeiro, 1870–1871), iii, especially 109–129.

[2] The Brazilian constitution of 1824 is found in Collecção das Leis do Imperio do Brazil de 1824, part i, 7–36. A discussion of the events which preceded the promulgation of that constitution is found in Armitage, J., History of Brazil, i, 116–146.

[3] Collecção das Leis do Imperio do Brazil de 1824, part 2, 4; Pereira da Silva, J. M., Historia da Fondação do Imperio Brazileiro, iii, 291.

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which is available, the Brazilian foreign minister is quoted as saying:

> Thus, if the United States of America, for reasons of national interest ought to recognize the Independence of the Empire of Brazil . . . so much more ought that to be looked for from this great Nation, when it is considered that those very interests are in accordance with the principles of its Government and of its policy.
>
> Such are the principles of the policy of those States, which alone were sufficient to hasten to our recognition, principles which in the Message of the President to both Houses in December last assumed a more generic application to all the States of this Continent, since in that Message the necessity of our combining and standing shoulder to shoulder for the defense of our rights and of our territory is clearly pointed out.
>
> You will sound the Government as to its attitude toward an offensive and defensive alliance with this Empire as a part of the American Continent, on the supposition that such alliance should not be based on any mutual concessions, but only on the general principle of the mutual benefits arising from such alliance.[1]

Rebello, who was the first diplomatic agent from the empire of Brazil to reach the United States, arrived in Washington early in April, 1824. Soon afterwards, he appealed to Secretary Adams for recognition.[2] After carefully considering Rebello's request, Adams and Monroe decided to receive the Brazilian envoy. On May 26, 1824, Adams formally presented Rebello to President Monroe as chargé d' affaires from Brazil:[3] this act constituted the recognition of Pedro I as emperor of Brazil by the United States. On this occasion Rebello made a

[1] As printed (not reproducing italics) in a pamphlet entitled Brazil, the United States and the Monroe Doctrine, 8, 9, which is a translation of an article in *O Jornal do Commercio* of Rio de Janeiro, January 20, 1908, that has been attributed to J. M. da Silva Paranhos Rio Branco. Rebello's credentials, dated January 31, 1824, are found in State Department MSS., Bureau of Indexes and Archives, Notes from Legations, Brazil, i.

[2] Adams, C. F., Memoirs of John Quincy Adams, vi, 279, 280; Rebello to Adams, April 20 and April 29, 1824, State Department MSS., Bureau of Indexes and Archives, Notes from Legations, Brazil, i.

[3] Adams, C. F., Memoirs of John Quincy Adams, vi, 281–283, 311, 317–319, 348, 358, 359; Pinto, A. P., Apontamentos para o direito internacional ou collecção completa dos tratados celebrados pelo Brazil con diferentes naçãos estrangeiros, ii, 386–390.

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short speech in which he suggested the formation of a "concert of American powers to sustain the general system of American independence."[1]

In a conversation with Adams on January 27, 1825, Rebello proposed an alliance between the United States and Brazil—an alliance which the other states of South America should be invited to join. Adams asked Rebello to make this proposal in writing.[2] On the following day, Rebello accordingly sent a communication to Adams in regard to the foreign policy of the nations of America. The Brazilian chargé began his note by referring to that paragraph of Monroe's message of December 2, 1823, which declared that any interposition by the powers of Europe for the purpose of interfering with the destinies of the new states in America would be considered as the manifestation of an unfriendly disposition towards the United States. Rebello interpreted this declaration which was made in regard to the Spanish-American states as being applicable to Brazil. He expressed a fear that certain European powers might plan to aid Portugal to regain the lost colony of Brazil, and declared that

> in such a case the government of the United States would be obliged to put into practice the principles of the policy enunciated in the aforesaid message, giving proof of the generosity and consistency which animate it, which could not be done without a sacrifice of men and treasure. As it is not in accordance with reason, justice, and right that the government of Brazil should receive such services gratuitously, that government is ready to enter into a convention with the government of the United States which shall have as its object the preservation of the independence of Brazil in case any power should aid Portugal in her vain and chimerical projects for the reconquest of Brazil.

Rebello suggested that, if the United States were willing, the new Spanish-American states might be invited to sign this convention. He also referred to that part of Monroe's message which declared that the United States had remained neutral in the struggle between Spain and her revolted colonies, and that she would continue to remain neutral unless there was a change

[1] Adams, C. F., Memoirs of John Quincy Adams, vi, 359. [2] *Ibid.*, 480.

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in circumstances which would make a corresponding change necessary on the part of the United States. "This honorable, generous and gratuitous declaration," said Rebello, "is certainly applicable to Brazil; and in this sense it may be regarded." In view of this, Rebello asked that the United States enter into an offensive and defensive alliance with Brazil to repel the Portuguese if they seized Brazilian territory.[1] John Quincy Adams, who, in November, 1824, had been elected president of the United States, made no reply to these queries; hence on April 6, 1825, Rebello asked the same questions of Henry Clay, who had become secretary of state under President Adams.[2]

On April 13, 1825, Clay replied that the president of the United States adhered to "the principles of his predecessor" as set forth in the message of December 2, 1823.

> But with respect to your first proposition, as there does not appear, at present, any likelihood of Portugal being able to draw to her aid other powers to assist her in resubjugating the Brazils, there would not seem to be any occasion for a convention founded upon that improbable contingency. The President, on the contrary, sees with satisfaction that there is a reasonable probability of a speedy peace between Portugal and the government of Brazil, founded upon that Independence of it, which the United States were the first to acknowledge. . . .
>
> With respect to your second proposition of a Treaty of alliance offensive and defensive to repel any invasion of the Brazilian Territories by the forces of Portugal, if the expected peace should take place, that also would be unnecessary. But such a treaty would be inconsistent with the policy which the United States have heretofore prescribed to themselves; that policy is, that whilst the war is confined to the parent Country and its former Colony, the United States remain neutral, extending their friendship and doing equal justice to both parties. From that policy they did not deviate during the whole of the long contest between Spain and the several Independent Governments which have been erected on her former American Territories. If an exception to it were now for the first time made, the justice of your Sovereign will

[1] State Department MSS., Bureau of Indexes and Archives, Notes from Brazil, i. An English translation of part of this letter is found in Rio Branco, J. M. da S. P., Brazil, the United States and the Monroe Doctrine, 12, 13.

[2] State Department MSS., Bureau of Indexes and Archives, Notes from Brazil, i.

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admit that the other new Governments might have some cause to complain of the United States.[1]

Evidently it was partly because of the Portuguese policy which viewed Brazil as a rebellious colony, that the Brazilian government took immediate notice of the doctrine of Monroe. The request of Brazil, however, through Rebello at Washington that the United States should apply, or interpret, the Monroe Doctrine, was made some time after the appeal by Colombia to Minister Anderson at Bogotá. An interesting feature of Rebello's overtures to the United States was the suggestion that the states of Spanish America be invited to coöperate with Brazil and the United States in the formation of a league of American nations for defence against the powers of Europe—a proposal which was an early expression of a real Pan-American spirit. Surprising though it may seem, the interpretation of Monroe's message by Carvalho e Mello, which assumed that the empire of Brazil was placed on the same footing in regard to intervention by European powers as were the republics of Spanish America, was not repudiated by the United States. The response of Clay to Brazil's appeal agreed with the facts of the situation and harmonized with the neutral policy which John Quincy Adams had pursued during the protracted struggle between Spain and her revolted colonies in America.

In 1823 the United Provinces of the Rio de la Plata, which had declared their independence of Spain in 1816, did not possess a real national government. The governor of the province of Buenos Aires, General Martín Rodríguez, was acting as

[1] State Department MSS., Bureau of Indexes and Archives, Notes to Foreign Legations, iii; Rio Branco, J. M. da S. P., Brazil, the United States, and the Monroe Doctrine, 14, 15. A summary of this note is found in Moore, J. B., A Digest of International Law, vi, 437. The proposals of Rebello to the United States were mentioned by Clay in the instructions to Condy Raguet, who had been appointed chargé d'affaires to Brazil. In these instructions, which were dated April 14, 1825, Clay declared that the decision in regard to the overtures of Rebello had been made in accordance with the neutral policy of the United States. "It has not proceeded from any diversity of views between the late, and present, Administration as to the principles announced in the President's message to Congress of 2nd December, 1823. To these principles the President adheres." State Department MSS., Bureau of Indexes and Archives, Instructions to Ministers, x.

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the chief executive of the so-called United Provinces. In 1823 the United States had appointed Caesar A. Rodney of Delaware minister plenipotentiary to the government of Buenos Aires. About six weeks after Rodney had been officially received by Governor Rodríguez, the news of President Monroe's message to Congress of December 2, 1823, reached Buenos Aires.

On February 9, 1824, passages from this message were published in *la Gaceta Mercantil* of Buenos Aires.[1] A little more than a week later the message was also published in *el Argos de Buenos Aires*. *El Argos* faithfully translated those parts of the message which seemed most significant. For the sake of emphasis, the clause which declared that the American continents were no longer to be considered as subject to colonization by any European power and the clause which declared that the United States would consider as the manifestation of an unfriendly disposition towards herself the interference of any European power with the independent nations of Spanish-America were printed in italics.[2]

In a letter to Monroe dated February 10, 1824, Rodney wrote in regard to the message:

> Your admirable message was received the day before yesterday. It has inspired us here. The state of the world required this frank and manly avowal of your patriotic sentiments. You breathe a spirit worthy of the purest and the proudest days of the Revolution. This masterly State Paper will have a most extensive influence. The weight of our moral character as a nation in the scale of Europe, is equal to armies in the field. . . . Your message will have the happiest effect throughout the whole Spanish Provinces.[3]

On May 22 Rodney wrote to Adams:

> The frank and firm message of the President arrived in good season and has been productive of happy effects; but I look not so much to its temporary influence as to its permanent operation. We had it im-

[1] Zinny, A., *la Gaceta Mercantil de Buenos Aires*, 1823–1825, Resumen de su contenido con relación á la parte Americana y con especialidad á la Historia de la República Argentina, 12.

[2] *El Argos de Buenos Aires y Avisador Mercantil*, 18 febrero de 1824.

[3] Hamilton. S. M., Writings of James Monroe, vi, 430.

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mediately translated into the Spanish language, printed and generally distributed in this quarter, Peru and Chile, where everything appears to be quiet.[1]

The pronunciamento of Monroe was soon noticed by the government of Buenos Aires. In a message to the congress of La Plata on May 3, 1824, Bernardino Rivadavia, a talented leader who was acting as minister of foreign affairs for Rodríguez, expressed his pleasure at the good relations which existed between Buenos Aires and the United States. Rivadavia said that the minister who had been appointed to represent Buenos Aires at Washington had been instructed to suggest to the government of the United States that it would be desirable to add to the two great principles—the abolition of privateering and "the Non-European Colonization of American Territory"—a declaration that "none of the new Governments of this Continent shall alter by force their respective Boundaries as recognized at the time of their emancipation."[2]

After the death of Minister Rodney on June 10, 1824, John M. Forbes, who had been acting as Rodney's secretary, took charge of the legation. During the following year Forbes was made chargé d'affaires of the United States at Buenos Aires. On April 14, 1825, Henry Clay wrote the instructions for Forbes. The attention of Forbes was particularly directed to Monroe's message of December 2, 1823, which it was declared, asserted

certain important principles of international law in the relations of Europe and America. The first principle asserted in that message is, that the American continents are not henceforth to be considered as

[1] State Department MSS., Bureau of Indexes and Archives, Dispatches from Buenos Aires, ii.

[2] As quoted in the British and Foreign State Papers, xi, 803, 804. In December, 1823, General Carlos María de Alvear, who had been supreme director of the government at Buenos Aires, was appointed minister to the United States (Registro Oficial de la República Argentina, ii, 48). He appeared in Washington early in October, 1824; his credentials were filed with the state department; but he soon left Washington for South America, for in September, 1824, he had been appointed minister to Colombia. State Department MSS., Bureau of Indexes and Archives, Notes from Argentine Confederation and Buenos Aires, i; *ibid.*, Notes to Foreign Legations, iii; Registro Oficial de la República Argentina, ii, 45.

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subjects for colonization by any European powers. . . . The other principle asserted in the message is, that whilst we do not desire to interfere in Europe with the political system of the Allied Powers, we should regard as dangerous to our peace and safety any attempt, on their part, to extend their system to any portion of this hemisphere.

This statement of principles was taken from Clay's instructions of March 25, 1825, to Joel R. Poinsett, minister of the United States to Mexico.[1] Forbes was directed to "urge upon the government of Buenos Aires, the utility and expediency of asserting the same principles on all proper occasions."[2]

In May, 1824, Juan Gregorio de Las Heras, who had commanded a division of the army of General José de San Martín on the daring march across the Andes from Mendoza to Chacabuco, succeeded Rodríguez as governor of Buenos Aires. Las Heras soon expressed his views with regard to the attitude of the United States towards South American independence. In a message directed to the congress of la Plata provinces on December 16, 1824, Las Heras declared:

> We are under a large obligation towards the United States of North America. That republic, which since its formation has presided over the civilization of the New World, has solemnly recognized our independence. At the same time it has made an appeal to our national honor by supposing us capable of struggling single-handed with the power of Spain; but it has constituted itself guardian of the field of battle in order that no foreign power may interfere to give aid to our rival.[3]

The last clause evidently suggests the idea which Las Heras had formed of the message of Monroe.

On August 28, 1825, Forbes was formally received as the chargé d'affaires of the United States by Governor Las Heras.

[1] The instructions to Forbes are found in State Department MSS., Bureau of Indexes and Archives, Instructions to Ministers, x; pertinent extracts from Poinsett's instructions are found in Moore, J. B., A Digest of International Law, vi, 415, 416, 471.

[2] Clay to Forbes, April 14, 1825, State Department MSS., Bureau of Indexes and Archives, Instructions to Ministers, x.

[3] As quoted by Varela, L. V., Historia Constitucional de la República Argentina, iii, 426.

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According to the report which Forbes sent to Washington, on this occasion he made a speech in which he referred to Monroe's message. That message, said Forbes, asserted

two very important principles of law in the relations between Europe and America. . . . In the maintenance of these principles, all the independent Governments of America have a strong interest, and it is hoped that the Government of Buenos Aires, far from disavowing, will feel the utility and expediency of asserting them on all proper occasions. . . . I am instructed to say, that the present President . . . continues entirely to coincide in that declaration.

In reply to the speech of Forbes, Las Heras said:

The Government of the United Provinces knows the importance of the two great principles which the Honorable President of the United States has laid down in his message to Congress and, convinced of the utility of their adoption by all the States of the Continent, will consider it an honorable duty to second them, and to that end, to avail itself of every opportunity which may present.[1]

Early in 1826 an important change was made in the government of Buenos Aires. On February 6 the congress of the United Provinces of la Plata vested the supreme executive power of the state in a president who was to be assisted by several secretaries. Soon afterwards the congress elected Bernardino Rivadavia president.[2] When Rivadavia thus became the first president of the United Provinces of the Rio de la Plata, Brazil and the United Provinces were at war because of conflicting claims to the possession of la Banda Oriental, the territory later known as Uruguay. On August 17, 1826, Forbes and Rivadavia held a conference in regard to this war. According to a memorandum which Forbes made of this conference, President Rivadavia deplored the war; he alleged that this war had been forced upon La Plata by usurpations in la Banda Oriental by the emperor of Brazil, and that it was imperative for him to learn the opinion of President Adams in regard to

[1] State Department MSS, Bureau of Indexes and Archives, Dispatches from Ministers, Buenos Aires, ii.

[2] Registro Oficial de la República Argentina, ii, 107–109.

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the war. On this occasion Rivadavia referred to the Monroe Doctrine, which he interpreted to mean "the policy of shutting out from this Continent all European power and influence." He mentioned the connection between Brazil and Portugal through the common ruling House of Braganza; he spoke of the renunciation of the crown of Portugal by Pedro I as a mere form; he hinted at the "direct participation of Don Pedro in the views of the Holy Alliance, through his family connection with Austria," and expressed a belief "that the President of the United States would feel much disposed to resist this combined influence" in South America. To these representations Forbes cautiously replied that the approaching congress at Panama would afford President Adams a suitable opportunity to expound his policy. Rivadavia then declared that he would state in a note to Forbes his views in regard to the significance of Monroe's message.[1]

It was evidently in accordance with this declaration that, on August 24, 1826, Coronel Federico de la Cruz, Rivadavia's secretary of foreign affairs, addressed a note to Forbes. In this note a review was made of the policy pursued by the United Provinces of la Plata towards Brazil. Secretary Cruz affirmed that his government had tried to reach an amicable settlement of the dispute with Brazil in regard to la Banda Oriental. He declared that the Platean Provinces had even solicited the good offices of England to adjust the dispute, but that Brazil had unceremoniously rejected the proposal for mediation. Because of the belligerent policy of Brazil, which Cruz declared endangered "the tranquillity of the whole Continent," the United Provinces of la Plata wished to ask two questions of the government of the United States:

> First, whether the declaration, made by . . . the president of the United States of America in the message to congress on December 2, 1823, purporting to repel every attempt which may be manifested on

[1] "Minute of a Conference held by J. M. Forbes, chargé d'affaires of the U. S. with H. E., the President of the Argentine Republic, on 17th Aug., 1826," State Department MSS, Bureau of Indexes and Archives, Dispatches from Ministers, Buenos Aires, ii.

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the part of the European powers to extend their system to any portion of this hemisphere, and declaring that the United States would view as the manifestation of a hostile disposition towards them, the intervention of any European power for the purpose of oppressing, or in any way influencing the destiny of the governments of the American continent, whose independence has been acknowledged by the United States—is, or is not, applicable to a case in which a European power may assist, in any manner, the Emperor of Brazil to wage the war which he has declared against the United Provinces of the Rio de la Plata?

Second, if such declaration is equally applicable in a case in which the Emperor of Brazil, as king of Portugal, may attempt to draw from that kingdom, or from any of the dominions belonging to the crown of Portugal and Algarves, any kind of aid for sustaining said war?[1]

On August 31, 1826, Forbes informed Secretary Cruz that he appreciated "the transcendent importance of the views" presented in his note of August 24;[2] in the meantime the note of Cruz was on the way to Washington. Henry Clay delayed answering the queries of Rivadavia's secretary of foreign affairs because he expected a minister from Buenos Aires to appear at Washington to solicit an answer. But the minister who had been appointed to represent the United Provinces at Washington did not appear;[3] hence on January 3, 1828, Clay sent to Forbes the reply of the United States to the queries of Secretary Cruz. Clay declared that the message of Monroe was a declaration of the head of the executive department of the government of the United States.

Although there is every reason to believe that the policy which it announced was in conformity with the opinion both of the nation and of Congress, the declaration must be regarded as having been voluntarily made, and not as conveying any pledge or obligation, the performance of which foreign nations have a right to demand. When the case shall arrive, if it should ever occur, of such an European interference as the message supposes, and it becomes consequently necessary to decide whether this country will or will not engage in war, Congress alone, you well know, is competent by our Constitution, to decide that question.

[1] Minute of a Conference, *op. cit.* [2] *Ibid.*

[3] On April 26, 1826, Manuel Moreno had been appointed minister to the United States, Registro Oficial de la República Argentina, ii, 124.

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In the event of such an interference, there can be but little doubt that the sentiment contained in President Monroe's message would still be that of the People and Government of the United States. . . .

It may then be confidently affirmed that there is no longer any danger whatever of the contingency happening, which is supposed by Mr. Monroe's message, of such an interference, on the part of Europe, with the concerns of America as would make it expedient for the Government of the United States to interpose.

In respect to the war which has unhappily been raging between the Argentine Republic, and the Emperor of Brazil, the President has seen it with great regret, and would be very glad to hear of its honorable conclusion. But that war cannot be conceived as presenting a state of things bearing the remotest analogy to the case which President Monroe's message deprecates. It is a war strictly American in its origin and its object. It is a war in which the Allies of Europe have taken no part. Even if Portugal and the Brazils had remained united, and the war had been carried on by their joint arms, against the Argentine Republic, that would have been far from presenting the case which the message contemplated. But, by the death of the late king of Portugal, there has been a virtual separation between the Brazils and Portugal, and during the greater part, if not the whole of the period of the war, the condition of Portugal has been such as to need succor, rather than be capable of affording it to the Brazils.

The general policy of the United States is that of strict and impartial neutrality in reference to all wars of other Powers. It would only be in an extreme case that they would deviate from that policy. Such a case is not presented by the present war.[1]

It is clear that the message from Washington was welcomed almost as heartily in Buenos Aires as in Bogotá. Prominent statesmen of Buenos Aires spoke with appreciation of the action taken by the United States during Monroe's administration in regard to the independence of Spanish America. The instructions of Clay to Forbes to urge the government of Buenos Aires to assert the principles of the Monroe Doctrine were probably partly responsible for the appeal of the United Provinces of the Rio de la Plata to the United States to apply that

[1] State Department MSS, Bureau of Indexes and Archives, Instructions to Ministers, xii. Extracts from Clay's letter to Forbes are found in Moore, J. B., A Digest of International Law, vi, 434.

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doctrine against the empire of Brazil. This appeal resembled the case which had been brought against Portugal by Brazil in 1824 in so far as it involved a question as to the policy of the United States if Portugal should take forcible measures against a South American state. The response of Clay followed to an extent the reply of Adams to Salazar, for it declared that Congress alone could decide whether the United States would enforce the Monroe Doctrine by force of arms. Clay's response is also of interest because it announced that the United States did not consider that Monroe's message contained a pledge which foreign nations could demand that the United States should fulfill.

This study shows that in the third decade of the nineteenth century there emanated from certain South American leaders significant suggestions for a concert of American powers. The cases in which certain leading states of South America for the first time made an official interpretation of the Monroe Doctrine are of peculiar interest, for they prove that, during a critical period in their history, Colombia, Brazil, and Argentina actually suggested that the United States should guard their respective national interests by enforcing the Monroe Doctrine. It is clear that a cordial reception was given to the original Monroe Doctrine by Rivadavia, Las Heras, Carvalho e Mello, Santander, and Bolívar—distinguished leaders of three Hispanic American states in the days of their weakness and fancied insecurity. In particular, the almost-forgotten case of the United States and Colombia in 1824 furnishes a starting-point in a history of the applications of the Monroe Doctrine, for it was the first case in which the government of the United States interpreted that famous doctrine. It is obvious that the publicists who guided the destinies of the states of South America during the heroic age of their national history could not justly claim that the United States showed a disposition to stretch the Doctrine of Monroe.

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RETURNS ON PUBLIC SERVICE PROPERTIES

THE chief problem in the regulation of public service corporations in the United States is how to secure reasonable or fair charges. Any standard of reasonableness obviously must give due consideration to the immediate users of the service, to the general public, and to the corporation providing the service. This paper will be concerned principally with reasonableness in reference to the corporation, although there will be incidental reference also to the other interests affected by regulation.

From the standpoint of the corporation, reasonable charges or rates are such as will furnish sufficient revenue to cover all operating expenses, fixed charges, depreciation and taxes, and to allow a fair return upon the capital cost of the business.[1] That public utilities are reasonably entitled to such a return *and to no more*, has become almost generally accepted by the public, by legislatures, courts, and the various regulating bodies. There seems to be no valid reason why more should be allowed, but so much is necessary if plant and equipment required for reasonably adequate service are to be provided under conditions of private ownership and operation.

Most economists, perhaps, agree with the view just presented. The question raised in this paper is whether we are pursuing the best way by which to regulate the returns upon public ser-

[1] Unfortunately even in accounting discussions the term "capital" is used in two very distinct senses; first, either as assets of the business and more especially fixed assets or plant; second, as the value of the stockholders' or owners' rights covering the assets. In this paper the term will be used in the latter sense. In a balance sheet, all the asset values of a corporation are listed on the left side (or in one column); these are covered on the other side (or in another column) by two kinds of rights, creditors' and owners'. The value of the owners' rights over the assets, not the assets themselves, will be designated by the term "capital." This will include, of course, par value of stock, plus surplus; or, if stock is worth less than par, it will be the par value less the amount of the discount. And, throughout, valuations will be assumed at original cost; or, if prices have changed significantly, at cost of reproduction.

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vice properties. The question is wholly one of expediency as to what is best from the standpoint of the public at large. It will be assumed throughout that such restriction of returns is desirable; for the present discussion that matter will be considered settled. The question is: how may we best effect the desired limitation?

I

The problem of method, how best to permit reasonable and only reasonable returns upon public service properties, has never been directly worked out, and the advantages and disadvantages of the possible methods have never been squarely balanced against each other. Yet a general method has come into use, which, while not definite in details, is fairly fixed in its broad outlines. It has become established gradually by piecemeal legislation, state and national, through action of various public service commissions, and through court decisions. It is followed somewhat roughly by the Interstate Commerce Commission and more definitely by the individual state commissions which have at all seriously attempted to regulate public utilities.

In general, the method is to place a fair valuation upon the property of a corporation, and then to require or to fix such charges for the service as will result in a fair net return upon the capital invested.[1] Many points in the method are still uncertain, although the broad features are as stated. Among the uncertain points is the matter of a *fair* valuation of the property: should it be original cost, or cost of reproduction? The tendency is clearly towards the latter, especially if original costs cannot be determined or if prices determining the cost have

[1] For the best comprehensive discussion of valuation of public service properties, see R. H. Whitten, Valuation of Public Service Corporations; Legal and Economic Phases of Valuation for Rate Making and Public Purchase (New York, 1912). It should be added that practice tends to fix rates in reference to the valuation of the property. But if the acquisition of the more permanent assets be well controlled, and if valuation throughout be fixed upon original or reproduction cost, it seems that the procedure would be simpler if fair returns were finally allowed on "capital" and not upon the property as such. For the purpose of the present paper, at least, the discussion will be clearer if the returns are considered in relation to "capital" as defined in this paper. At bottom, of course, the two methods amount to the same thing.

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changed strikingly; always, however, with due allowance for depreciation. Further, what property should be included: only plant and equipment, i. e., fixed assets, or all assets used in the business? Another uncertainty arises as to what is *fair* return. Is it merely ordinary interest on the capital investment? If so, what allowance should be made for risk affecting the interest rate in any given investment? Or, should fair return make allowance also for profits over and above merely interest upon capital? Another question is whether rates should be fixed in reference to "capital" as defined in this paper or according to the valuation of the physical property.

In spite of the important unsettled questions, the general method of regulation is clear enough. First, let us repeat, the property of a corporation is valued, say on a cost-of-reproduction basis, and then the rates allowed for the service are so arranged as to bring reasonable returns to capital in line with the valuation. The essential feature of the plan is that rates for service are fundamentally fixed in reference to a valuation. The question is whether that is the best method available for the purpose: to allow a reasonable return but no more upon public service capital. The method obviously proceeds with the cost basis of rate-making. It tacitly assumes that, after a proper valuation has been established, all the necessary expenses, which would include the return to capital, may be readily determined, as may the volume of services furnished to the consumers. Then, of course, the reasonable rate would be derived by dividing the total expenses by the quantity of service rendered. The quotient would represent the average unit cost of the service; this would be fair to the consumer and at the same time would allow a reasonable return to the owners of the business. Ideally this method is undoubtedly excellent. But its usefulness depends upon the accuracy with which subsequent expenses and volume of business may be calculated before the rates are actually put into effect; and upon how satisfactorily expenses can be charged to particular services; and how important fixing rates at cost is to the general public.

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II

The method is probably well enough suited to the simpler utilities. It is perhaps satisfactory when the plant is entirely of local scope or is operated in separate local units; when at the same time the service is fairly uniform or homogeneous throughout, and goes directly into general consumption; and when the demand for the service is relatively inelastic. Under such conditions, the varying cost from one community to another has little effect upon the rates which practically may be charged in any given case. There is not the difficulty of apportioning indirect expense among several classes of service; any reduction in rates actually goes to the advantage of consumers and is not taken up as additional profits by various middlemen; and the volume of service may be fairly accurately determined since it does not shift appreciably with the rates charged (except within wide limits). Then, with an almost constant volume of homogeneous business, with absolutely constant interest and capital charges, and with practically definite tax and depreciation allowances, there is left merely the estimate of operating expenses, which may be fairly accurately calculated on the basis of past experience. With all the factors in the problem pretty definitely determined, it would be relatively a simple matter to calculate the average unit cost of the service and to fix the rates accordingly.

Perhaps the clearest case of a utility which offers these simple conditions and to which the cost basis of rate-making may be fairly satisfactorily applied, is that of water corporations. The plant used is almost necessarily of local scope, so that rate-making is an individual matter in each case, not complicated by questions of discrimination between localities and as to distances. The service may be considered uniform throughout, although even here a distinction might justifiably be made between direct domestic consumption and water furnished for commercial uses; also the principle of class-price might be employed. Nevertheless, everything considered, a uniform rate per unit of water furnished would be practically inevitable, whatever the kind or class of service. A reduction in rates,

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except in the commercial uses, would affect the consumers directly and would benefit especially the poorer classes. Finally, the quantity of water used, except within wide limits, would probably not be seriously affected by changes in rates; the demand seems to be relatively inelastic.[1] The necessary expenses could be fairly readily determined; if they were high or increasing, the rates could be fixed accordingly; if they were low and decreasing, the rates could be correspondingly diminished. The net revenue needed for reasonable capital charges could therefore be readily ascertained by making rates equal to the unit cost of the service, and no more than the necessary amount would need to be collected. There would be almost complete elasticity in the gross revenue obtainable through the shifting of rates.

If then a public service commission were to bring a given water corporation under proper regulation, its procedure might be something as follows: First, it would place a valuation upon the property, perhaps upon the cost-of-reproduction basis. Against this amount it would set the bonded indebtedness and other liabilities, and the balance would represent the fair capital value of the business. Then a reasonable annual expense schedule would be determined, including (1) operating expenses, which can be fairly estimated from past experience; (2) interest and rent charges, definitely determinable from the accounts of the company; (3) taxes, which, too, may be easily determined from the accounts; (4) depreciation, for which reasonable allowance may be made; (5) the capital charge determined by applying a fair rate of return to the capital value of the business; and (6) a moderate surplus allowance for contingencies. The sum of these items then would cover the gross revenue that must be collected annually from consumers. If, then, the record is clear as to the volume of water consumed annually, the reasonable rate would be the total necessary revenue divided by the units of water furnished.

[1] Of course one can only guess at the nature of the demand for any utility; precise statistical data on such points are not available. But if meter rates have been charged throughout, it is doubtful whether a five or ten per cent change in rates would appreciably affect the quantity of water taken for domestic uses.

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This rate would provide the consumers with water at cost, would bring a fair return to the stockholders of the company, and for the public would assure enough capital, and no more, to render a necessary social service.[1]

Similar in condition to water companies are perhaps street-railway properties, when they are operated as local units and not directly in conjunction with interurban systems. Again, the service may be considered homogeneous, goes into direct consumption, and continues in practically constant volume with any reasonable change in rates. Under any given set of circumstances, the total necessary revenue to allow reasonable returns to capital may be readily determined, as may the amount of traffic, and the rates may be fixed accordingly. Any reduction would go to the immediate benefit of consumers, who for the most part are the ordinary business and working classes. A reduction in rates, if moderate, would stimulate traffic but little, and an advance would diminish it but slightly, so that when once fixed, rates could continue in force for a considerable period. Further, it might be added, when conditions have shifted so that a change in rates proves necessary, the existing standard for the most part would not carry with it the equilibrium of a large number of conflicting and competing interests, which would be thrown into more or less confusion by any new standard. Street-railway rates stand practically independent; within limits, they may be raised or lowered, as conditions of cost demand, without seriously upsetting other established business relations. This, it may be anticipated now, is an exceedingly important point in the difficulty of regulating and fixing railway freight rates.

Gas properties may perhaps be fairly placed with water companies and street railways, in that fair rates, bringing a reasonable return to capital, may be practically determined on a cost-of-service basis. But conditions of production and consumption

[1] In reality the processes in regulative rate-making are not so simple as seems to be implied in the above discussion. After all, considerable allowance for uncertainty must be made in every step of the procedure. Nevertheless, in the main, water rates probably can be pretty definitely determined upon the cost-of-service principle, because of the relatively simple conditions of the business.

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of gas are considerably more complex, and therefore cost-of-service rates are less satisfactorily applied. It may be highly desirable to distinguish between commercial and domestic uses, and in the latter between lighting and cooking gas. In other words, for the more complete utilization of plant, it may be desirable to fix rates according to the value and not the cost of service. Further, the demand for any part of the service is more elastic; a moderate change in rates makes a more considerable change in the amount of consumption, so that the determination of unit cost is more difficult and a change in rates may be more frequently necessary.

The next step in the complexity of utilities brings us to electric corporations. Here it is exceedingly doubtful whether rates can be practically fixed on a cost-of-service basis and still provide a reasonable return and no more upon capital. The property operated as a unit is likely to be of much more than local scope. Consequently in fixing rates in any locality the general expense incurred in behalf of the entire property must be more or less arbitrarily apportioned, rendering fair average costs uncertain. And obviously there will be the problem of avoiding apparent discrimination between localities served by one company. There are considerable differences in the uses; the same concern will furnish light and power for domestic consumers, also light and power for commercial purposes. The latter, particularly, are likely to constitute relatively an important item; consequently the service goes correspondingly less to direct general consumption, and any reduction in rates is less likely to go to the benefit of the final consumers. The demand is much more elastic, and there are considerably different demand schedules for the different uses.[1] All in all, it is exceedingly doubtful whether rates may be fixed satisfactorily according to cost. The same considerations, but with greater force, apply to telephone and telegraph utilities, and still more especially to railroads.

[1] A point should be added (suggested by Professor A. A. Young), that to increase the utilization of plant, lower rates might be charged for the commercial service taken at "off the peak" hours.

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III

When we come to railroads, the conditions of production, sale and final consumption of the transportation service are so complex that cost rate-making can not well be used as an effective method of regulation. It is true that a number of economists believe that railway rates can and should be fixed on a cost basis.[1] The same view has been more or less definitely expressed in a number of decisions by the Interstate Commerce Commission,[2] and has been followed by the individual state public service commissions. Nevertheless, if we wish actually to regulate the railroads, so as to allow them reasonable returns upon capital and no more, we shall in all probability not get far by the way of cost rate-making. The method appears altogether impracticable and indeed does not seem socially important. The only fundamentally feasible way to fix railway rates seems to be according to the value of the service, and this should be recognized in public regulation. On no other basis can a reasonable return upon railroad capital be assured. The limitation to a reasonable return may be more effectively provided in another way, which will be considered later.

The cost of any specific railway service, or of any class of service, cannot be determined, and even the average cost of the ton-mile or train-mile is an indefinite matter. The chief difficulty is that the great bulk of railway expenses cannot be directly charged to specific traffic carried. A fundamental principle in accounting is that the value of specific cost keeping depends upon the ratio of direct to total expenses of the business. If the ratio is large, so that relatively a small amount of indirect expense needs to be distributed as "overhead," then

[1] See M. H. Robinson: Railway Freight Rates: The Legal, Economic and Accounting Principles Involved in Their Judicial Determination, *Yale Review*, xviii, 122 ff. For a more theoretical discussion, see A. C. Pigou: Wealth and Welfare, chap. xiii (London, 1912); also Railway Rates and Joint Cost, *Quarterly Journal of Economics*, xxvii, 536 ff, and *ibid.*, 687 ff. For substantial approval of cost rate-making, see B. H. Meyer, Certain Considerations in Railway Rate Making, *The American Economic Review*, supp., March, 1904, p. 69 ff; also discussions of the paper by A. A. Young, F. H. Dixon, and L. H. Haney.

[2] See M. B. Hammond, Railway Rate Theories of the Interstate Commerce Commission (Cambridge: Harvard University, 1911).

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the unit cost shown may be taken as a fairly definite gauge of the cost of production. But, when the expenses are very largely indirect, then the unit cost shown has little fundamental significance and cannot be safely taken as even a rough measure of cost of production; any method of distributing indirect expenses is arbitrary. Railroads have not developed definite cost systems for rail operations, although they have for shop production, simply because practically all the expenses are of the indirect sort; very seldom can any appreciable outlay be specifically allocated to any particular traffic. What possible use for price-making would there be in unit cost shown, if practically all the charges to a particular service represent overhead burden and are made on an arbitrary basis?

Perhaps it is not worth while to present an elaborate discussion supporting the value-of-service as against the cost basis of rate-making. It is well known that until a railroad plant is pretty completely utilized, the average cost per unit of service decreases as the volume of traffic increases, so that there is no definite unit cost. The rates fixed largely determine the quantity of traffic, which then determines the cost of the service. How, then, pass from cost to rates to be charged? Further, it is well known that a railroad operates under the law of joint cost, or, perhaps more properly stated, under the law of joint return. It furnishes a great variety of services. The property was originally constructed and is operated with the expectation that it should bring at least normal returns upon original investment. This return is not expected from one class of business, but from all classes for which there may be a demand. The demand comes from the different kinds of goods to be carried, and each has fundamentally its own demand schedule.[1]

While minimum returns, as explained, are sought from the investment, they cannot be apportioned among the individual goods transported on any definite quantity basis, but must be placed according to the individual demand schedules. All the different services taken together, if the property be well utilized,

[1] See F. W. Taussig: Railway Rates and Joint Cost Once More, *Quarterly Journal of Economics*, xxvii, 378 ff.

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may be expected to bring a fair return upon the original outlay, but any given service may fail considerably of bearing the average cost of any arbitrarily selected unit of business. To assure a fairly complete utilization of plant, and to produce the returns necessary,[1] each service or class of service must support the railroad according to its commercial ability. Any particular traffic will contribute to the necessary support if it bring a larger gross revenue than the *additional* expense that it causes. Some goods can be made to bring very little above that minimum, but they are yet profitable, in that they contribute something against the large overhead expense which would continue whatever the volume of traffic. Other goods will bring much more than the minimum, and all the different kinds taken together will produce enough revenue to cover all the expenses, including the return upon investment. The services with relatively high demand schedules would probably in no case be able alone to bring the necessary returns and so maintain the value of the investment. But when they have contributed what they can, then the other services with lower demand schedules, say the bulkier freight which cannot stand the higher rates, can be made to bring the final necessary return, at rates which lack considerably in providing the average indirect expense calculated according to any arbitrary unit of service basis. All the services are required, each rated according to its own commercial standing, to bring the necessary returns to investment.

The above statement in one form or another has been printed perhaps a thousand times since Hadley's *Railroad Transportation* was first published. It may be worth while, however, to emphasize that, as railroad conditions are or promise to be in the reasonably near future, in order to make the representative railroad profitable there must be rating according to what the traffic will bear. Unless each service contributes according to ability, the total revenue will not be enough to support the capital invested. If we wish railroads under private ownership, we are practically compelled to take their services under those

[1] Necessary in the sense that new railway capital will be furnished as industrial conditions warrant.

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terms. There probably is not a single important railroad which could maintain the integrity of its capital on any other basis. And we wish to be fair, indeed under the constitution we must be fair, to the railroads. Take, for example, any particular road under present conditions, say the New York Central. Assume that you can definitely separate terminal from hauling costs. Calculate the average cost per ton-mile, or use any other arbitrary physical unit for measuring service, and then make all rates accordingly. Naturally, the entire business of the road, also of the entire territory through which it runs, would be thrown into confusion. The distance traffic, especially of the lower grade, would necessarily fall off very rapidly, for it could not stand the level mileage rate. But if adjustments were made so that distance traffic remained largely undisturbed, then the rates would immediately be shifted fundamentally from the cost to the value-of-service basis.[1] Further, the low grade traffic, which even for relatively short distances could not bear the average-ton-mile rate, would disappear rapidly, and, since it had furnished a large percentage of the total traffic and in each instance had covered something above merely additional costs, there would be a very large decrease in net revenue to capital. The higher grade traffic, however, which could bear and had borne considerably more than the average-cost rate, would probably not be stimulated greatly by the reduction, since the value-of-service rates presumably had been such as to develop and maintain the traffic to the highest point consistent with maximum permanent returns to the road. While there probably would be considerable additional tonnage, there would not be enough to counterbalance the loss of revenue due to the reduction in rates applied to the entire class. Altogether, the net income of the road after the introduction of the average-

[1] It is claimed, of course, that the ton-mile cost is less, the longer the distance. The validity of this claim depends upon how the total expenses are allocated among the different services. If you "load" the short distance traffic heavily, and decrease the load with distance, then naturally you will show lower cost per ton-mile the longer the distance. But any allocation is arbitrary; the plant is used for the entire service, and the costs are joint. It would be perhaps no less arbitrary, but more unusual, to distribute the expenses so as to show a higher cost the greater the distance.

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cost rate would probably not be sufficient to allow reasonable returns to capital. Then, with the reduction in traffic there would be a higher cost per ton-mile and correspondingly higher rates would have to be fixed. Again, there would be great loss in traffic in commodities which could not bear the increase from the first to the new average cost; and now with the general higher rates there would be a falling off in volume even in commodities which could stand higher than the fixed level, although presumably for this class of traffic the loss in volume would be somewhat more than compensated in revenue by the higher schedule of rates. The total effect of the increase would probably be to diminish further the net income to capital, but in any event the revenue would probably not be enough to furnish reasonable returns as desired. Again, on the reduced total traffic, there would be a higher average cost per ton-mile and therefore higher rates etc. In the end, in all probability, the property would never be sufficiently utilized at average-cost rates to allow reasonable return on investment; and this would probably be true whether the transition to such rates be attempted at a leap, as has just perhaps been unwarrantably assumed would be done, or very gradually, as the Interstate Commerce Commission seems to be proceeding.[1]

[1] Of course the above is not an absolute Q. E. D. Unfortunately, public policy can seldom be based upon definitely demonstrable economic and social propositions. But my fairly firm impression is that the view expressed is the correct interpretation of our railway experience. Professor A. A. Young suggests that the above theory assumes a static view of the facts, while if we take a long-time view, upon which economic policies should be based, the cost theory would find justification. For illustration, he assumes a railroad which for the time being is poorly utilized, and it gives very low rates upon coal in order to develop a traffic which under the circumstances promises to be profitable. But in time *all* traffic increases, including the transportation of coal, finally resulting in congestion of business and necessitating an additional track. Now, the additional fixed charges that are incurred, Professor Young argues, are due as much to the coal as to other traffic; a new burden has been created in large part on account of traffic which contributes little or nothing toward fixed charges. (See Railway Rate Making: Discussion, *American Economic Review*, supp., March, 1914, p. 84.) It seems to me that Professor Young's illustration does not prove his point that in the long run coal rates which were below average cost were therefore unprofitable. Certainly when they were first put into effect and for a considerable period thereafter they must have appeared profitable or they would not have been granted. But as the traffic increased and prospects of congestion appeared, the

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The preceding discussion has assumed more or less definitely that average railway costs for rate purposes are best expressed in terms of the ton-mile. This would perhaps be the most workable unit, but nevertheless it would be one arbitrarily chosen. We must bear in mind all the time that costs are joint. If we take any average whatever, the result is interesting statistically and has great importance to the management, but it does not express anything fundamental *as to real cost for the measure of price.* Nevertheless, let us take the ton-mile as a practical average. If we seek for cost as the proper rate, then is cost not only a function of weight and distance, but one of varying weights and distances, also one of cubic space, of compactness of shipment, of speed of transport, of risk of injury to other shipments, and of other indeterminable factors? If all these matters are to be taken into consideration, how are they to be equated into a simple workable weight-distance expression, as the ton-mile? Not a single factor is mathematically determinable. Any definite value assignment is arbitrary. All that is definite in the rating problem, or fairly so, is the amount of revenue necessary or the total cost of operation. But no definite distribution can theoretically or practically be made and have any real cost significance. Simply the total costs must be covered, or are sought to be covered, by the total revenue received from the total railway service. It is true that in the practical development of freight classifications, allowances have been made for the different cost factors involved. But in any

management clearly had the choice of slowly raising the coal rates, consequently cutting off gradually the supposed unprofitable business and avoiding or delaying the additional construction, or of building the extra track and continuing the coal traffic as before. Since the latter alternative was chosen, it would seem that the coal traffic appeared profitable even with the new fixed charges; otherwise the first and the easier way would have been followed, making coal bear its share of expense throughout. The reason for the particular choice made was that the new track affected average transportation costs favorably; the road had not been completely utilized or reached diminishing returns throughout, but only in reference to track; in other respects the average unit cost still promised to diminish with additional traffic. In short, the coal service appeared profitable even with the new fixed charges. Average costs would have been higher and net profits lower if coal rates had been raised and the coal traffic had been cut off and the new track had not been built. It is hard to see how, even from a long time view, the road would have gained by not developing the coal traffic from the first.

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case the allowance was arbitrary. Fundamentally, however, the classifications have not been based upon cost, but upon value of service; the high-class freight for the most part means traffic that can stand a high rate, not that it has a high cost—unless we mean cost to the shipper. The cost factors in classifications have been emphasized by railroad men perhaps for the most part as blinds, to justify given rates before a regulating commission and to shippers.

An important point in which the railway service differs for instance from that of a water or street-railway corporation, is in the scope of its use. It is general, not local, and is continuous as to territory. Far distant localities are joined together in their welfare through railway rates. Now, value-of-service rate-making always considers industrial conditions as they are, with due regard to probable future developments. All over the country, there are many individual rates which exist because they were granted in the past and business has developed around them; they could not be changed without seriously upsetting established industrial relations. Rates based on the value of service cannot be changed without regard to the effect upon general commercial conditions.[1]

Suppose, then, we were to adopt the cost of service as the yardstick of rates. The transition from the present system, based principally on the value of the service, to the new basis would seriously upset the industrial equilibrium of the country, even though the transition were gradual, with provisions for a classification of freight according to some "reasonable" cost assignment, and with other "practical" adjustments. And, assuming that finally a new equilibrium were established and assuming many other things difficult to imagine, we should probably find that every change in rates necessitated by the new level of costs would bring with it considerable general business disorganization. No one could foretell what effect either an increase or a decrease in general rates would have upon the relative welfare of different localities. It would be rash to assume

[1] See W. Z. Ripley: Railway Rates and Regulation (London, Longmans, Green and Company, 1913), p. 147 ff.

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that a five or ten per cent increase, or decrease, would affect all localities in the same relative proportion; and fair rates for communities are obviously as much or more a relative as an absolute matter.

Competitive forces operate over tremendously wide areas. Localities do not live unto themselves, and railway rates cannot be fixed either with reference to single localities or territories, or as to single railroad properties. If a system of fair rates is to be established, many general competitive factors must be considered; the inter-relation between widely competing centers of production, distribution and marketing, the competition between railroad systems, the competition between railroads and other agencies of transportation etc. No single-cost formula can well cover the various complex matters. Such rates indeed must be charged as can be charged under the circumstances that prevail.

In this connection it is well to point out what appears a further impossible situation in the attempt to regulate rates in such a way as to allow reasonable, but only reasonable, returns upon railway capital. For the sake of definiteness, suppose we consider the railroads operating through "official" territory. Everyone knows that they are all intimately tied together through various competitive forces, so that no single road can introduce any significant rate changes without affecting the welfare of the others. For the most part, no extensive reductions can be made by one company without similar changes being made by the others—and even so, commercial equilibrium would be seriously disturbed. Without public regulation, general rates throughout the territory would tend to be such as would allow the development of traffic and would permit even the poorer roads to earn moderate returns upon investment.

Suppose, now, we actually proceed to regulate rates, fixing them according to cost, aiming to allow the railroads only fair returns upon investment. For the sake of discussion, let us disregard the fundamental difficulties (not to say impossibilities) of cost rate-making. Then the cost calculated according to any physical unit desired, say the ton-mile, with any practical allowance for the different indeterminable cost factors, will evi-

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dently vary from one railroad to another according to density of traffic. The most favorably located property, running through rich, densely-populated agricultural, mining, or industrial regions, will have relatively the greatest traffic and therefore the lowest cost, while the most poorly located road, serving sparsely settled localities, with comparatively light traffic, will have the highest cost. If now we were to fix rates throughout according to cost, general standards varying from one company to another, the inevitable result would be that the more competitive traffic would go to the road with the lowest rates. Consequently the latter, with the additional traffic, would operate at still lower costs and would therefore be subject to further reduced rates—unless, of course, its property had been so intensively utilized before that the new business could be handled only at greater average outlay per unit.

The less favorably located roads, however, with the loss of traffic resulting from the newly-fixed rates, would then have a still higher cost experience and would therefore be subject to correspondingly higher rate standards. These, of course, could then apply only to the more local non-competitive business. For a time these rates might indeed bring sufficient revenue to furnish the necessary returns to capital; but in the end, especially in the case of the very poorest roads, they would be much higher than the traffic could bear. This would mean further diminished tonnage, greater costs and higher rates; finally, the roads simply could not be "reasonably" supported and they would be effectually confiscated through regulation. Now, under the Constitution, this cannot be done (unless, perhaps, we wish to do it), and industrially or socially this probably would not be desirable. The regions "served" by those roads would finally be excluded from the general markets and would fall into industrial decay. But rates according to the value of the service would not disregard the prosperity of the territory served, even if the railroad concerned should not make fair returns. The railway management cannot help considering conditions of future traffic while making rates according to the apparently predatory standard of what the traffic will bear.[1]

[1] Of course many arbitrary and unjustifiable rates have been granted by the railroads; traffic managers often do not charge nearly what the traffic will bear; they often make miscalculations and take too short-time a view of railway operations.

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The confiscation of the more poorly located roads and the devastation of the territories through which they run would probably be inevitable whether rates at cost were to be suddenly and vigorously applied throughout, as assumed in the preceding paragraphs, or were to be slowly introduced, allowing for gradual industrial adjustments during transition. In the end the poorer roads could not live, and their territories would starve at rates based on cost. Of course, with great difficulty, adjustments could be made so as to enable any road to continue its share in the direct competitive traffic; but that would mean to that extent the abandonment of cost rate-making, and in the poorest cases would still probably not put the necessary profits within reach of the companies. Another way out of the difficulty might be to fix rates according to the costs of the poorest roads. Then, however, we should not actually regulate the better located properties. While the poorer roads would be earning only reasonable returns, the others, in proportion to the excellence of location, would be making excessive returns, which is precisely the thing which cost rate-making is seeking to prevent. There seems to be no good reason why a railroad, merely because it happens to serve thickly-populated regions, should be allowed relatively higher returns than are secured by representative investments in competitive enterprise—unless it be the reason that we cannot help ourselves if we desire the general railway service!

These difficulties are precisely the ones faced by the Interstate Commerce Commission in considering the recent petition of the eastern railroads asking for a general five per cent increase in freight rates. Some of the roads are unquestionably in sore need of additional revenue; they are far from making reasonable returns upon investment. But other roads, better located, are prosperous enough, in some cases already making altogether unjustifiable profits. Now consider the serious and many-horned dilemma before the commission. If the increase sought were to be denied, a number of properties would be hard hit, and in the end the decision would probably prevent or retard much desirable railway improvement. If, on the other hand, the petition were to be granted, then the poorer roads

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might perhaps get the additional necessary revenue, but the better ones would therefore be enabled to gather so much more excess profits from the public. But if increases were allowed only in the cases where there is actual need of greater revenue, then, except for strictly local traffic within the limits of the long- and short-haul provisions, the roads concerned could not make use of the privilege; for if they raised the rates, the competitive traffic would be deflected to the other roads, and with the decreased tonnage even at the higher rates they would perhaps be in more difficult straits than before. What, then, was the Commission to do?[1]

For illustration, on the basis of the balance sheet and income statements reported to the Interstate Commerce Commission for the year ended June 30, 1913, the Lehigh Valley Railroad Company earned a net return of over eleven per cent upon capital. Approximately the same rate was obtained by the Delaware, Lackawanna and Western. The Pennsylvania Railroad Company earned 6.7+ per cent; the New York Central, 6.5+ per cent; the Baltimore and Ohio, 5.4+ per cent and the Erie, 3.8+ per cent. According to this showing, clearly the returns of the first two roads were unreasonably large, while those of the Pennsylvania and New York Central were just fair, and those of the Baltimore & Ohio and the Erie were unreasonably low. Similar variations may be shown in the results of the other roads that compete for the traffic of official territory.[2]

[1] It is more than likely, too, that the railroads expect much greater returns from a blanket five per cent rate advance than are possible. It probably is true that with the general increase in prices, railway traffic as a whole can stand a considerably higher level of rates than now prevails. With some goods an increase of fifty per cent or more might be made and yet not interfere with the development of traffic; but with other commodities a five per cent advance might easily cut so heavy into tonnage that the losses would largely counterbalance the gains made on the goods that can stand the increase. A general *percentage* advance does not appear a very reasonable or practical method of adjusting rates to the changed condition of prices.

[2] The rates of return for the roads cited are based upon the figures published by the Interstate Commerce Commission in the Preliminary Abstract of Statistics of Common Carriers. I realize that in any case the balance sheet values may be far from original cost or cost of reproduction, and that the rates of return shown are therefore not finally reliable. Still, the figures illustrate clearly enough the difficulties of cost rate regulation.

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The rates in effect form a complex network between the different companies. How then could the Commission grant an increase in rates to relieve the Erie and the Baltimore & Ohio without adding to the unearned profits of the Lackawanna and Lehigh Valley? But, if the increase should not be allowed, a constitutional injustice would be done to the other two roads. The Commission obviously could not be just to both the railroads and the public along the lines of cost-rate regulation. And the slow-coming, final compromise decision, granting the desired increases to the railroads west of Buffalo and Pittsburgh and not to those east, can scarcely be viewed as an altogether satisfactory solution of the difficult problem before the Commission.[1]

IV

The existing system of rates in official territory, or elsewhere in the United States, is far from being on a cost basis. But even the relatively small matter before the Interstate Commerce Commission of deciding merely *somewhat* along lines of cost whether a five per cent increase in rates shall be allowed, is proving a tremendously difficult and baffling matter. What then will be the situation if we undertake actively to regulate rates to establish cost standards, even if they be introduced somewhat gradually? How may we allow a reasonable opportunity of fair returns to railway investments, and yet prevent undue profits on the better located properties? Can we possibly hope to accomplish this end by rate regulation on a cost basis, in the face of the complexity of the railway service, the large indirect expense of operation, the complex competitive relations between companies and between localities served?

The only practical procedure seems to be to allow railroads to fix rates according to what the traffic will bear, but with public supervision to prevent unreasonable and arbitrary procedure. If, then, we wish to restrict the profitableness of the investment, we may do so by appropriating for public purposes

[1] This article was in the hands of the printer before the Interstate Commerce Commission reopened the rate case and substantially granted the demands of the railroads.

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all net income above a reasonable return to capital. If the value of the property should be fairly definitely fixed through a physical appraisal, such as is just being made of all the interstate railroads in the United States under the direction of the Interstate Commerce Commission, there would be no great difficulty in limiting the returns allowed. The capital upon which reasonable returns should be permitted would in any case be equal to the value of the physical property, less the liabilities of the company. The revenue and expense statement would show definitely enough the net income. A reasonable amount could then be declared as dividends to capital; some allowance might be made for a permanent surplus; the balance then would form a liability to the government, and might be viewed as a dividend covering the public's interest in the business.

This would be a reasonable scheme of regulation whether we consider the interests of the railroads, the shippers, or the public. Any railroad, however poorly located, would have at least the opportunity to make ordinary returns upon investment; but that opportunity would not enable the better located roads to make excessive gains from their property. The plan would be fair, but only fair, to each railroad as a unit. To be sure, it would not guarantee any definite returns to the owners, but it would give the opportunity, if the possibilities of the investments have been carefully considered, to place the property upon a regularly paying basis. It would undoubtedly check speculative construction; but that probably would be highly desirable. There seems to be no clear reason why new construction, extensions and so-called improvements should be undertaken unless they promise to be fairly productive and able to bear normal returns upon cost. And for all real improvements, for outlays which clearly promise to be thus self-supporting, the necessary funds could probably always be secured, if the possibilities of reasonable returns are not shut off. The plan would probably give sufficient inducement for private enterprise to furnish society with all the really needed railway facilities, but it would not furnish unmerited rewards and would prevent much wasteful undertaking. It would be fair but only fair to the railroads.

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It may be well to state here that with the more profitable roads, the plan generally applied might easily stimulate uneconomic construction. Suppose funds have been borrowed and are sunk, for instance, in extravagant terminal facilities, which do not add enough to earning power to cover their own maintenance expenses, not to mention interest on the bonds. Evidently, whether these "improvements" are treated as additions to the general property at cost or are written off the books to a large extent, or are made a direct charge against revenue, the result is that actual net profits are consumed by the fixed charges placed upon the plant through the unwise expenditure of funds. If we wish actually to regulate returns to capital, in order not to defeat our purpose, very likely we shall have to require all proposed railway improvements to be submitted first to the Interstate Commerce Commission for approval before any funds may be used for the proposed outlay. Otherwise the profits of a well located property may be sunk in wilful extravagance. But this might be done equally well whether regulation be attempted through cost rate-making or through the plan here suggested.

The plan is fair also to the shippers. Of course, ideally it would be desirable to get transportation at cost; but practically and according to sound principle that seems altogether impossible. Shippers, however, really can have no serious complaint against rates based on the value of the service. This, as is well known, does not mean that on each shipment the railroad makes for itself the best possible individual bargain; it means for any class of goods, rates which in the long run will bring the railroad the greatest profits, and which therefore must have due regard to the maintenance and development of the traffic. The shipper seems to be treated justly enough if year after year rates on his products are such that he can reach the market, and get a sufficient margin of profit to justify continuing production and even extending his operations. It is indeed a method of price-making which he understands well enough, since he employs it all the time in his own relations with his customers. He has a just complaint only if he be discriminated against compared with other competitive shippers or is other-

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wise treated in an arbitrary manner; but the method of regulation suggested does not contemplate giving up the provisions now in force dealing with the various discriminatory and unreasonable practices.

While the method would be fair to both railroads and shippers, it would work more especially to the advantage of the public at large. It provides definitely that no more be paid for the railway service than is reasonably necessary. If the revenue of any road should furnish more than fair returns to capital, then, as already explained, the excess would belong to the public and not to the stockholders of the company. The revenue which would thus accrue to the public from all the railroads of the country would unquestionably amount to large sums, and would to that extent relieve taxation.

In this connection it may be well to point out that even if rates could practically be fixed according to cost, the general public—the final consumers of the service—would be benefited only indirectly and to a limited extent by any reduction. For the most part, the direct purchasers of the service are manufacturers, different classes of producers, and various middlemen dealers; relatively seldom are direct consumers as such purchasers of freight transportation. Freight charges constitute a part of ordinary business costs, but are not necessarily therefore placed upon final consumers through price, as seems to be generally supposed. Selling prices of consumption goods are fixed very largely according to what the traffic will bear; they are prices which taken with volume of sales will bring the greatest profits to the dealers. This perhaps is for the most part true whether the selling is clearly monopolistic or pseudo-competitive, as it seems to be through most parts of the country. Freight rates according to value of service, instead of constituting a price-determining factor, are more properly considered as determined by prices. The traffic manager of a railroad, considering the prevailing price standards, together with the intensity of wants or elasticity of demand on the part of the consumers, makes up his rate schedules accordingly; this is probably true whether he works independently or cooperates in rate-making with traffic representatives of other

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roads. An arbitrary reduction in rates, not calculated in reference to its effect upon the development of traffic, would in most cases probably not result in lower prices to consumers; it would mean principally greater profits to dealers, and would benefit the general public only remotely, if at all. Would there be any powerful social reason for going to all the trouble of cost rate-making if the chief consequence should be merely to shift profits from one class of enterprisers to another, all wealthy or middleclass entrepreneurs, and not to relieve the burden of the masses of the people? The plan which we have been considering, would, it seems, actually restrict profits and not to any great extent merely transfer them, and would thus appear as directly benefiting the general public.

A serious objection might be made to the plan that it would deprive the railroads of all incentive to improve the methods of operation.[1] The management would have no reason, except high motives of public welfare, to improve the service, cut down unnecessary expenses, introduce more efficient methods etc., if greater profits could not be obtained as a consequence. Indeed the more direct incentive on the part of well-located roads would be to pay unnecessarily high salaries and in various ways to consume any possible excess profits. But the same objection may be made if we restrict profits through rate regulation, and it has considerable force whatever method of limiting profits may be used. The hope of gain, under private ownership of property, is perhaps the fundamental force leading to efficiency and progress. Nevertheless, as railroad conditions stand at present, it would indeed be a hasty conclusion to say that the relative profitableness of our railroads varies even roughly with efficiency of operation. For the most part, we may perhaps safely assume that relative profitableness depends chiefly upon location, which except in a very liberal sense cannot be credited to efficient management. The more successful roads may point to their larger cars, their more powerful locomotives, heavier train loads etc., as the cause of

[1] See S. O. Dunn: The American Transportation Question (New York, D. Appleton and Company, 1912), p. 101 ff.

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the greater profits; but it is primarily the existence of large traffic which makes those conditions of operation practicable. Without intensive traffic it is plain that large cars, powerful engines, large trainloads, would be poor economy.

But increasing or decreasing efficiency can be checked off fairly well through modern management and accounting devices. Under the plan which we have been considering it would be necessary, as it is highly desirable in any event, taking the past experience of each road, to work out definite operating ratios and to set up standards of performance, so that any change in efficiency would be readily revealed. Indeed railway cost-keeping is very important from the standpoint of management, but is apparently useless for rate-making. The Interstate Commerce Commission might be granted enough power so that it could compel railroads to conform to reasonable standards of efficiency; and it might well have the power to extend the practices of the better managed roads to the poorest and thus raise the standards of performance throughout.

Still, the fact remains, although it is not so serious as the railroads would make it appear, that definitely limiting profits takes away direct incentive to progress. To obviate more clearly the objections, it might be well to work out a bonus system whereby surplus profits above a certain minimun might be shared with the railroads, so that the stockholders would be directly benefited by increasing economy and efficiency. Such a scheme might serve as an inducement to efficient management precisely as the bonus system of wages results in efficient shop production. But surplus profits due to advantage of location should not be subject to any bonus distribution. Perhaps a practical way to proceed would be first to make a physical valuation of railroads; then in each case deduct liabilities, and so determine the fair capital value and the reasonable net returns required. Then, on the basis of past earnings and expenses, the fair average annual surplus profits, *presumably due to location*, may be determined. This average might be taken as a standard, and the amount thus determined would go first to the public, before the railroad could draw a bonus. And the excess profits subject to bonus might well be shared with the

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railroads on a differential basis, so that with each additional excess the railroad's share might be made progressively the larger. But just how the bonus should be allotted would depend upon the inducements necessary to promote economic operation. The important point is, that no returns should be allowed for mere advantage of location; and to as large an extent as is practicable the advantages of progress should go to the public.

It is important to emphasize that the general plan under consideration would not require the giving up of any part of the existing system of regulation as worked out by the Interstate Commerce Commission. As suggested in another connection, the provisions against the various forms of discrimination should certainly be continued. As a matter of fact, to make the plan effective, the Commission should have considerably larger power than it now has; it should have power to direct operations, especially in introducing generally the best methods, so as to gain for the public the greatest possible advantage from progress. If the public has an active interest in the railroads, or in publi cservice corporations in general, there is no clear reason why special processes and advantageous methods should be considered trade secrets. The Commission would still have the problem of establishing a systematic network of reasonable rates throughout the country. Reasonableness, however, would be considered largely as a question of relativity of rates, seldom as reasonableness *per se*. But the apparent futility of trying to fix rates at cost should be recognized so that the Commission might devote its energies to matters which promise better results for the public.

The objection might be raised that the plan would be a large step toward public ownership. However that may be, the immediate object would be more effective regulation. We are bound to limit the profitableness of the railroads; that is now a matter of definitely recognized public policy. The question is merely which is the best way to effect the limitation. In the case of local and simple utilities, whose service goes into direct consumption, the regulations may very well be effected through cost rate-making. But the more general and complex the

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utilities, the more impracticable it is to fix rates at cost; and the public advantage in doing so is likely to be the less, since the services go less into direct consumption. In the case of railroads, it seems utterly impossible to fix rates at cost, and there would be very little public advantage in doing so. The only practical way to limit profits, it seems, is to allow the railroads to fix rates on a straight commercial basis, and to give to the public any surplus profits above reasonable returns to capital.

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It may be well to consider briefly the legal aspects of the plan under discussion. The Interstate Commerce Commission certainly can not adopt the plan under the present standing of the Interstate Commerce Act; special power would have to be granted by Congress. But apparently the Commission may legally regulate rates on a cost basis and so may restrict profits indirectly. It has the power to order reasonable rates, and has come to consider reasonable and cost rates as ideally synonymous. And this view seems to have the sanction of the Supreme Court of the United States.[1]

The constitutionality of a law limiting profits directly as proposed may very well be questioned. It would be difficult to predict what the final decision of the Supreme Court of the United States would be in the matter. The decision would depend upon how the court might be impressed by the need of the restriction; if the need should be considered great, then the police power would be elastic enough to cover the law. But the interest of the public in railroads, and in all so-called public utilities, has been definitely recognized by the courts; especially, rates may be fixed in the interest of the public so as to bring no more than reasonable returns upon the investment. If, then, we may constitutionally limit profits through rate-regulation, it would require rather fine reasoning to show why we may not effect the same result directly by the appropriation of surplus profits, provided we allow rates to continue on a straight commercial basis. So long as each railroad has an un-

[1] See Minnesota Rate Cases, 230 U. S. 352.

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obstructed opportunity of earning reasonable returns, the regulation could not well be considered as taking property without due process of law. And the opportunity to get such returns would be more assured than under a rate-regulation plan.

Further, the restriction would be precisely like that which has been placed upon the profits of federal reserve banks as provided by the recent Federal Reserve Act. The reserve banks appear fundamentally as private corporations; the capital is furnished primarily by individual banks, and the government performs no special service for which it is not paid. All national banks are practically compelled each to take stock in the federal reserve bank in its district.[1] But the dividends on the stock are restricted to six per cent per annum, and any excess profits, after a certain general surplus has been provided, goes to the United States Treasury.[2] The law clearly considers that the federal reserve banks, while established principally out of private resources, serve a very important public function and so really constitute a *public utility*. Now, if the appropriation of surplus profits by the public is upheld in the case of the reserve banks,[3] there would be no clear reason why similar appropriation should not be allowed in case of the railroads, which, it has long been recognized, are invested with important public functions.

The success of the plan would require larger powers for the Interstate Commerce Commission over rates as well as over matters of operation. It would not work very well under the present division of power between the Commission and the individual states; but neither can we have effective rate regulation under the present conflict of federal and state authorities. Railroads, especially as regards rates and revenue, should be recognized as industries of national scope and subject only to regulation by the Interstate Commerce Commission. The truth is, there is great need of a special congressional commission to investigate anew the entire problem of regulation and place before Congress a comprehensive scheme that will provide

[1] Sec. 2, Federal Reserve Act. [2] Sec. 7, Federal Reserve Act.

[3] There seems to be no question of the constitutionality of this provision.

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for real public control. The present situation is not satisfactory to the railroads, and it makes effective regulation almost impossible.

In conclusion, it may be well to suggest that unless a plan be adopted along the lines suggested, it is not very clear what public advantage there will be in the expenditure of millions of dollars in the physical valuation of railroads now being conducted by the Interstate Commerce Commission. Undoubtedly those who brought about congressional action expected that the valuation would be used as a basis of rate-making. But that view is not shared by Commissioner Prouty, who has direct charge of the huge undertaking.[1] The probable public benefits, however, which Mr. Prouty points out, appear rather intangible, scarcely justifying the vast expenditure of public money, if the valuation will not serve pretty clearly to regulate returns upon railroad investments. And finally, effective and reasonable regulation can be secured probably much better in the way suggested than through cost rate-making.

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[1] See C. A. Prouty: The Valuation of Railroads, *Electric Railway Journal*, February 14, 1914.

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REVIEWS.

Die ökonomische Entwicklung Europas. Volume VII. *Die Bauern als Eigentümer des Bodens in Frankreich vor der Revolution. Die Wirtschaftsmonopole und die Feudalrechte der Grundherren und ihre Beseitigung. Aufhebung der mittelalterlichen Standes- und Besitzordnung. Einführung der gleichen Erbfolge. Die Säkularisation der Kirchengüter. Die Aufhebung des Zehnten.* By M. KOWALEWSKY. German translation by A. STEIN. [Bibliothek der Volkswirtschaftslehre und Gesellschaftswissenschaft. Vol. xx.] Berlin, R. L. Prager, 1914.—xii, 509 pp.

The appearance of the seventh volume of Professor Kowalewsky's *Economic Development of Europe* brings to a conclusion a work to which the author has devoted twenty-five years of his life. It is but right, therefore, that we should begin by expressing our admiration and gratitude for an achievement unique of its kind, and evidently only accomplished at the cost of much gallant and disinterested labor. Professor Kowalewsky, it seems, has given up the idea of a final volume dealing with various theories of medieval economy, which he foreshadowed in his last volume; but it is to be hoped that we may have it later as a separate work, which might perhaps be a better arrangement than the original plan to include it in the present series.

The volume before us is devoted entirely to the agrarian changes produced or precipitated by the French Revolution. It finds its place in the whole work on the ground that it was not until that period that the medieval system definitely broke down in France. In the first chapter the author discusses the relation of the peasants to the land before the Revolution on the basis of the *cahiers* of local communities as well as of the estates. In his view, the French peasant was a copyholder rather than a freeholder—the terms are used for purposes of illustration and without technical implication—although to some observers he appeared to be a proprietor because his predial services had mostly been replaced by money-payments; still these ran with the land and there were renders in kind as well. Village life showed all the disadvantages of the medieval system and was wholly unfitted to meet the demands of the rising capitalistic economy. Rents being fixed and therefore unaffected by the market-price of land, the lords exploited their feudal and commonable rights. A real crisis was created

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by the impossibility of reconciling capitalistic economy with the old conditions. The Revolution could not solve the problem, but it cut the Gordian knot by creating peasant proprietorship free from all restrictions of landlordship or agrarian communism.

In his second chapter Professor Kowalewsky makes use of the *cahiers* and reports of local committees from many parts of France, and the agrarian literature of the time, such as on the one hand the writings of the elder Mirabeau and on the other the reports of the commission instituted by the *Constituante*, to show how an economic crisis had arisen quite independently of the movement that led to the Revolution. The nature of capital had become more complicated and its power greater, with the result that the balance upon which feudalism rested was upset. This balance consisted in the need on the one hand of the laborer for land, protection and such fixed capital as was represented for example by the *banalités* of the landlord, on the other hand of the need for labor. Society indeed still rested upon privilege and monopoly, but it was a capitalistic system which had shed or lost the elements of obligation and responsibility proper to feudalism. This becomes evident the moment the lords begin to exploit their position. Such exploitation, or at least the possibilities of it, are illustrated in the third chapter, which deals with such monopolies as *banalités*, *droit de colombier*, hunting-right and so on. In many cases these are to be regarded as rewards for an original outlay of capital by the lord. But this was not always true; and in any case the rights of the lord had become economically restrictive and were resented by the majority of the population.

The fourth chapter deals with the suppression of seigneurial rights and the substitution of the system of free contract for tradition and custom. The author regards the action of the *noblesse* on 4 August as partly owing to fear of further violence on the part of the peasant, but much more as the completion of the long process of disintegration which had been going on in the caste system of feudal arrangements—as the legislative acceptance, in short, of a sustained and active striving after individual and civil equality.

The author reviews at some length the debates on the method of accomplishing the change. He argues that the Physiocrats were not responsible for the measures actually taken; they wished merely to relieve the peasant from feudal usurpation. But the *Constituante* acted on the metaphysical principle of the natural freedom of man, over which neither contract nor covenant had any power. No rights, therefore, arising out of personal unfreedom merited compensation; but those based on land did. The machinery was unsatisfactory and

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worked badly. In general the peasants withheld their dues and services and would not proceed to composition. It had, indeed, long been the aim not only of the peasants but also of the non-noble landowners to suppress feudal rents and services without compensation. In August, 1892, were made some changes designed to facilitate composition, and in July, 1893, the Convention decreed the suppression of all remaining feudal rights, although retaining ground-rent. Thus property was democratized, and the peasant converted into a small proprietor. It remained to deal with the law of succession, and here the theoretical demand for equality came into collision with the practical danger of dismemberment; but the theoretical argument carried the day.

The fifth chapter deals with the secularization of ecclesiastical property and the disposal of the confiscated lands of the *emigrés*. The tithe was abolished without compensation and the ecclesiastical lands were declared national property on the ground that the church was a corporation which the state could deal with like other corporations which it had created. The assembly, in discussing this question, became, as our author points out, "a school of political metaphysics"; but in the background were the need to secure the national debt and the pressure of capitalists who wished to acquire land for investment. On the much disputed point as to whether the bourgeoisie or the peasantry profited by the sale of their lands, Professor Kowalewsky concludes that the results varied with the locality. In provinces where there were big industrial centers, the church lands mostly passed into the hands of the bourgeoisie. Elsewhere the peasants, helped by the government policy of accepting paper currency and allowing deferred payments, profited. Thus peasant-proprietors rounded out their holdings and the laborers were enabled to acquire land. With some modifications the same conclusions will apply to the disposition of the land of the *emigrés*. But in this case the state made little or nothing out of the transaction, as these lands fetched lower prices than did those of the church and the rest were sold at a time when the *assignats* were almost worthless.

In a final chapter the author discusses the arrangement made for the enclosure of common lands and the suppression of commonable rights. There was a conflict of interests here. In the first place any rational, or at least any individualistic, system of tillage required the abolition of commonable rights. Then the old system which made for the maintenance of these and of common lands was already breaking up, and there had been some enclosures, mostly for the benefit of the lords.

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There is some indication, indeed, that in a considerable part of the kingdom common herds and common pasture had disappeared. On the other hand, land-holding peasants required some means of keeping the beasts which were necessary for working and enriching the land, and their interest was, therefore, apparently served by the maintenance of the old system. But the *mainœuvres* who had little land and no beasts naturally desired a change which would endow them with land. Then the free traffic in corn which had been permitted before the Revolution had raised the price and increased the demand for that commodity. The demand for enclosure and distribution was very great, and the legislation of June, 1793, really expressed the will of the majority in directing the equal distribution of the common lands among inhabitants of the region exclusive of the lords. Professor Kowalewsky regards this measure with disfavor and acclaims the numerous survivals of common use or ownership which he is able to discern in France today, as an indication that the recent attempt to suppress communism in Russia can not succeed.

We are evidently not concerned here with the polemical portions of the work. We have often before pointed out its merits and defects, and there is no occasion to repeat that criticism now. The work is unique in the field and period which it covers and is destined, we can not doubt, to render great service to learners and scholars alike. It is also destined to be superseded by the works of scholars who cultivate small portions of the great field upon an intensive system; and this, we believe, will be welcomed by Professor Kowalewsky, who freely admits the provisional character of his book. Author, translator and publisher are to be congratulated for their several shares in an enterprise which has made this valuable work available for Western readers.

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Studies in Taxation under John and Henry III. By SYDNEY KNOX MITCHELL. New Haven, Yale University Press, 1914.—xiii, 407 pp.

It would not be a gross exaggeration to say that the first nine chapters of this book (pages 1–299) are foot-notes, and that the tenth and last chapter (pages 300–397), called "Summary," is the text. To be sure, the convention of text and foot-notes is kept throughout; but to do so embarrasses the author, for he shows uncertainty about the location of considerable classes of material. At least half the references in the last chapter are to earlier portions of the book. Naturally

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this arrangement makes hard reading. There is no statement at the outset of the present state of scholarship on the subject, and the reader is not helped and stimulated by being taken into confidence from the start and given an inkling of what the author believes he has done; nor is he aided along the way by having the stages of development pointed out and interpreted. The big things are not made to stand out; for very long distances the level of colorless, objective fact is unbroken. The author obtrudes astonishingly little of himself, a practice deserving all praise up to a certain point. The reader is left to take notes, if he will, and draw his own conclusions until he reaches the last chapter, and then he realizes for the first time (despite a slight warning on page 9) that here is where he should have begun.

The title is sufficient indication that this is not a general work on taxation even for the short period covered, and there is no pretense of finality in any part of the subject. It is a rewritten and expanded doctor's thesis, the expansion being from manuscript sources in the Public Record Office. But not all of the unprinted material has been used. "A more careful study of the unprinted exchequer rolls will undoubtedly modify many of the statements made here, but until that study has been completed, or until the rolls have been printed and put into the hands of students of English history, this essay may be of service." What has been attempted is "to give as complete an account as possible of each tax levied during the reigns of John and Henry III, presenting all the material in print and as much from the unprinted rolls as could be gathered within a limited time" (page vii). This surely has been accomplished, if "complete account" means a tireless and methodical presentation of objective detail. The taxes are taken in chronological order. The chief points studied are "the occasion and the circumstances under which it [the tax] was levied, the incidence, the assessment and collection, and the amount yielded" (page 9)." There has been gathered a thesaurus of data on thirteenth-century taxation and related subjects, with a deal of skilful tabulation. It is hard to believe that a single scrap on scutage has escaped. Any adverse criticism of form or general grasp must not obscure the fact that a piece of work has been done here so thorough and so careful as to mean a long forward step in the history of taxation and of parliament. There are sins of omission, but positive errors are scarcely to be found.

How has a contribution to knowledge been made? Much has been done to confirm and complete tentative and not fully documented views put forward by several recent writers; and standard works have been

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corrected in many small points. There are few novel views and no important discoveries. The author belongs strictly to the "feudal" school. The studies begin at the end of the twelfth century when feudalism was at its height, and a leading theme is the genesis soon after of a new and greatly reduced *servitium debitum*—a study in the increasing inadequacy of the feudal scheme to meet the king's military needs. Reckoned by the new *servitium*, both scutage and fine were sometimes more than commutation. Yet in theory and for the most part in practice, scutage and fine (the same in essence) remained a commutation of feudal service. Scutage appears in article 12 of John's Magna Charta because John had changed its rate, levied it capriciously both as to time and persons, and himself decided when it was legally due. Yet John's expanding powers along these lines had not made scutage a tax. Nor did it become a tax under Henry III. Thus the germ of modern taxation was not in scutage (nor in *tallage* or *dona*) which "continued to be levied without difficulty while the king and his barons were struggling over the question of taxation" (page 346). It lay rather in the feudal aids other than those prescribed by custom—the gracious aids granted voluntarily, and especially when these took the form either of carucage or the tax on movables. The origin of control of taxation "is to be found in the feudal principle that for the levy of any extraordinary contribution by the lord on his vassal, the consent of the latter was necessary" (page 357). The discussion in this connection of the procedure in Henry III's great councils and the development of successful resistance to the king's demands seems a most interesting and significant part of the subject. The central theme here is the development of corporate activity in the great council, and in this connection much is said of the great council's composition. These topics, worth a substantial monograph in themselves, are not fully treated here; perhaps it was not consonant with the plan of the book that they should be. The bearing upon them of the council's activity in other lines than taxation is of course not considered. Yet the significance of some of the material used seems to be missed. The last sentence of the book, "The questions of the final composition of the council and the definition of its authority were left for a later age," is obviously a true statement. But might there not have been, even within the strict limits of the theme, a fuller appreciation of what the later age drew from the first three-quarters of the Middle Ages' "wonderful century"? It is probably inevitable that most theses written for the doctorate should be the faithful fulfilling of stints instead of the joyous doing of jobs which the authors are convinced are crying

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to be done. And tireless, accurate, and scrupulously honest compilations from the sources are always welcome. Yet one wishes that where there has been so much labor the rewards and praise might be more nearly commensurate. There is no bibliography and the index is inadequate.

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English Taxation 1640–1799. By WILLIAM KENNEDY. Series of the London School of Economics and Political Science, No. XXXIII. London, G. Bell and Sons, Ltd., 1913.—ix, 199 pp.

This is an interesting and important book. It is very appropriately described by its sub-title as an *Essay on Policy and Opinion*. The historical parts, based on an extensive study of contemporary records and discussions, lead to conclusions which seem mature and well supported. Whether they have all the novelty the essayist seems to claim is perhaps doubtful. But the orderly presentation of the growth of tax ideas and policy, especially in the first part of the book, is masterly.

The essayist is not so happy when he leaves the true historical field and tries to summarize social theory. There is to be found at the close of the history of the period from 1640 to 1713 a chapter on "Political Philosophy and the Taxation of the Poor." This chapter begins with the statement that "the problem of the distribution of taxation in England has always been one of distribution among individuals of widely different economic and social status" (page 82). It then sets up the classes, and proceeds to establish a political philosophy "which may be termed the 'freeholder' view of society" (page 84). After defining what he means by the freeholder conception of society (pages 91, 92) the author concludes that, as actually applied in English practice, "it had two lamentable weaknesses."

> In the first place, it ignored the fundamental fact about a propertied class, namely, that it is maintained by the labor of others. In the second place, it required of them the fulfilment of no duties or functions in their society; it merely gave them rights, and their rights, like those of other men, were their own, to be enjoyed for their own particular advantage or pleasure [page 93].

This sweeping denial that the British freeholders performed any worthwhile economic function whatsoever, is modified only by the admission that they "did perform very important functions in their society; they governed it both locally and nationally" (page 93). It is hard to believe that such a Tolstoian view of property was held at that time.

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The best part of the essay is the chapter on the "Inheritance of the Long Parliament," which rapidly and succinctly lays down the foundation of the subsequent development of taxation in England. The revenue system which the Long Parliament inherited consisted of three parts: (1) the proprietary revenue from crown lands and feudal rights, which was not a tax revenue at all; (2) the customs duties or tolls for the "keeping of the sea," which were not regarded as national revenues; and (3) certain direct taxes levied for special purposes, such as war. The gradual change of the customs duties from tolls to taxes, the absorption therein of the foreign excise, and the modification of the duties by trade policy are well set forth. So, too, is the growth of the excise from 1640 to 1713 (the Treaty of Utrecht). The reviewer does not recall having read so clear or so well supported an outline of the various conflicting views as to the nature of excise taxes, their incidence and the propriety of their different forms. The only criticism to be suggested is that the pressure of fiscal necessity is given less emphasis than it deserves.

In beginning the discussion as to direct taxes, the essayist plunges valiantly into the controversy as to whether the "fifteenth and tenth" and the "subsidy" were "property taxes", "produce and property taxes", or more nearly "income taxes". To this controversy, Dr. Moll has since added fuel in an essay, entitled *Zur Geschichte der englischen und amerikanischen Vermögenssteuern*. Professor Seligman also has roused himself to reply in the second edition of his *Income Tax* (page 49). To the reviewer it seems that the point is receiving undue emphasis. But as the tax fell on wheat, barley, oats, oxen, cows, sheep or other produce, and only on a few forms of property, not representative of the year's gains, and as Mr. Kennedy finds good evidence of a continuity of purpose and theory between these taxes and the later taxes, which were in intention income taxes (page 39), it would seem proper to recognize the continuity.

The period from 1713 to 1799 is treated in two parts, the break being made at 1776, both because of the publication of Adam Smith's *Wealth of Nations* and the outbreak of the American War of Independence. The first period is said to be a time "during which comparatively few changes were made in a stereotyped tax system but during which tax doctrine was gradually welded into something approaching a new orthodox canon" (page 95).

The following paragraph gives a summary for the time of Walpole:

> In 1732 the three ideas which had most influence on eighteenth century

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views on taxation were all represented. They were, first, that every one should pay taxation, including the poor man; second, that the poor man should, if possible, be exempted from taxation on compassionate grounds; and third, that the necessaries of his subsistence should be exempted to prevent high wages and for the benefit of trade [page 111].

The rest of this period is cleverly worked out in a manner to throw light on the sources of Adam Smith's theory of taxation. The other sources consulted and laws studied run very prettily up to the conclusion:

It has sometimes been supposed that the publication of the *Wealth of Nations* brought to the world a new revelation of the principles of taxation, and that it immediately affected the policy of the Chancellors of the Exchequer. But this is a serious misconception; the only respect in which it bears some relation to the facts is on the subject of trade policy in the Customs. Apart from that, what Adam Smith did was to expand the commercial view of tax questions which we have been following, and to attempt to systematize and rationalize it by bringing it into relation with the distributive theory of the seventeenth century which Walpole expressed. He gave a wider intellectual sanction to a set of opinions already very influential [page 141].

The third period was one in which fiscal necessity overruled every other consideration and yet led to the income tax. The summary is worth quoting:

The nineteenth century opens, therefore, on the one hand, with (1) an Income Tax which was considered in its main features distributively just and yet as a mere temporary expedient for an emergency, (2) much less temporary but "improper" taxes on necessaries which contravened the maxim that the poor should be exempt and whose distributive effect was on that account very little considered, and (3) taxes on luxuries and objects of expenditure other than necessaries, which alone were approved as exempting the poor, distributively equitable and administratively tolerable; and on the other hand, with (1) the doctrine that everyone should pay taxation, overruled, as regards the poor, on compassionate or trading grounds, (2) the rough principle that taxation should be distributed in proportion to income, (3) the theory that this was achieved by the third species of taxes just mentioned, and without the conception of a compensatory system of taxation. In addition, it took over customs duties arranged for purposes of trade policy and spirit duties designed to check consumption as well as to raise revenue [pages 178, 179].

The essay concludes with another chapter on social theory, this time of the eighteenth century. This the reviewer finds as difficult to appre-

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ciate as the former one. It seems to be entirely colored by the essayist's apparent acceptance of the view that the proprietor performs no economic function. He is fundamentally in error in maintaining that the English freeholder of the past performed only political duties. As a class, the freeholders were not "idle rich consumers," but hard-working directors of industry and enterprise, and as such have maintained their power for generations.

CARL C. PLEHN.

UNIVERSITY OF CALIFORNIA.

The Nature and First Principle of Taxation. By ROBERT JONES. Studies in Economics and Political Science, No. 37, of London School of Economics. London, P. S. King and Son, 1914.—xvii, 299 pp.

This book undertakes to refine the definition of a tax, and then to demonstrate that economy is the first principle of taxation. Without much attention to previous attempts to classify public revenues, the author works out, in his first chapter, the following classification (page 29):

Taxes are compulsory payments without guarantee of "any definite measured services."

Prices are "quantitative payments for proportionally quantitative services."

Quasi-taxes are taxes with a certain additional element of price.

Something is said of "borrowings," lotteries and tribute; the last being classed as a quasi-tax, the others being assigned to the price group (pages 7, 21). There is no evidence that the author has ever undertaken to classify, under these categories, the revenues of any actual government. Perhaps this is too much to expect of an inventor of economic classifications; but if the author ever undertakes it, he will make a number of interesting discoveries.

The second chapter assembles a large number of extracts from the works of ancient and modern writers which enable the reader to trace the development of principles of taxation. The collection is interesting and useful, but Mr. Jones has not always grasped the thought of his writers. Adam Smith, for instance, did not hold that "taxes should on the whole be in proportion to incomes." His first maxim, indeed, looks in that direction; but his subsequent treatment of particular taxes shows that he believed it to be impossible practically to adjust things in that manner, and that he therefore assigned greater weight to his other canons of taxation. On page 153 Mr. Jones

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observes that Smith "puts certainty before equity," but without troubling to reconcile this statement with the one on page 100.

The third chapter maintains that economy is the first principle of taxation, and sometimes comes perilously close to contending that it is the last also. Economy is interpreted broadly (page 170 ff.) so as to include the community, the individual and the government; and the principle is taken to mean that taxes should be collected "from those incomes, or parts of incomes, of least utility to the community or to the individual" (page 186). Such parts, thinks the author, are the last increments of income, and he therefore favors progression of the extreme form; "Procrustean taxation," he very properly calls it. Having reached this advanced ground, however, Mr. Jones promptly beats a retreat, as Professor Edgeworth and others have done before him when they have contemplated the ultimate effects of fiscal Procusteanism (pages 195, 213 ff.).

Mr. Jones has a poor opinion of most of the common maxims of taxation. Productivity is a barren principle; justice is of less moment than economy, and hardly concerns the economist anyhow; certainty and convenience may be good enough in their way, but neither can be a first principle. If this is to be had, we are bound to award primacy to economy. Such is the argument of the book. Detailed criticism is hardly necessary. Even Mr. Jones finally arrives at a "deeper" principle than economy—"general utility" (page 222); and the economist who will start with that principle, and wrestle with practical problems of taxation, will pretty certainly find that all of the maxims have weight, and that he cannot assign to any one of them unquestioned primacy in all cases. As Smith knew, and Wagner and Bastable have well emphasized, the duty of the financier is to "combine rightly the different elements" that enter into tax problems. Even Mr. Jones has got far enough into the subject to see that the principle of economy must be limited by various "expediencies," one of which is the need of ensuring "the smooth working of the machinery of taxation" by considering the convenience of taxpayers, the danger of evasion, and adequacy and elasticity of revenue (page 214).

A word should be said about the interesting preface contributed by Mr. Sidney Webb. This suggests that it is "time that some one made a stand for the positive advantages of taxation." In his view there are few taxes, if any, in the United Kingdom that would be "worth abolishing, even if their revenue were not required." He is of the opinion that the public revenues are upon the whole better spent than private revenues, and that to reduce taxation would be to encourage

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wasteful private expenditure in "riotous living that impairs our health, in foolish extravagancies that actually lessen our aggregate enjoyment" etc. What is really needed is "a progressive transfer of more and more of the national income from individual to collective channels." But has the progressive increase of taxation ever yet diminished riotous living, and has it not for some years past caused progressive emigration of capital from both Great Britain and France? He would be a bold man who should answer the first question in the affirmative, and there are American, Swiss, and Canadian financiers who know that the second question cannot be answered in the negative.

C. J. BULLOCK.

HARVARD UNIVERSITY.

Principles of Economics. By N. G. PIERSON. Translated from the Dutch by A. A. Wotzel. London and New York, The Macmillan Company, 1902, 1912.—Two volumes, xxx, 604; xxiii, 644 pp.

These volumes, by the scholarly prime minister of Holland (now deceased), appeared in Dutch in 1896 and 1902. The lapse of ten years between the translations of the first and second volumes has prevented most reviewers from undertaking a consideration of the work as a whole, and the present reviewer will therefore deal with both volumes, calling attention, however, to the fuller review of volume i which appeared in this QUARTERLY (volume xviii, page 706), by Professor Seager. The translation has been approved by competent critics as a faithful rendering of the original, and the reviewer has found the English version on the whole animated and clear.

Pierson's *Principles* is useful as an addition to English economic literature, first of all, as presenting the continental point of view in economics—America and England do not occupy the foreground or supply the main problems or illustrations. The work will supplant the one volume translations of Gide in performing this service for American students. This is no slight matter. It must be said, however, that the doctrinal sympathies of the author are English rather than continental.

But the main value of the work rests on no such special consideration as this. Pierson is a great practical statesman who is willing to let theory guide his practice, and whose wide scholarship, clear thinking, and practical wisdom have produced a book of permanent significance. His contributions to pure theory are not important. His ultimate concepts are not always very clear—in fact are sometimes quite faulty. There are no striking doctrines to be associated with his name. But the book, in its detailed discussions, is marvellously sane, and in its total effect is truly impressive.

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Pierson associates himself with the Austrians in value theory. He follows the Austrians in the conventional exposition of diminishing utility, and is guilty of the usual confusions of utility curves with demand curves and of marginal utility with value (I, 57, and II, 33–35). But he really does not go very far with the Austrians in value theory. There is no inkling of the Austrian doctrine of costs as foregone positive values. Pierson's cost concept is a useless invention of his own—neither entrepreneur-outlay, nor psychological sacrifice, nor labor time. Costs for Pierson consist of the physical items of wealth that are used up in the production process (I, 62). A notion so little susceptible of precise manipulation naturally plays a small rôle in the subsequent analysis, and Pierson later develops the notion of "labor price," which appears to be roughly identical with the entrepreneur-outlay cost-concept, and which the translator informs us is in common use among the Dutch economists (I, 386, n., and II, 176.) This concept is employed by Pierson chiefly in connection with the theory of international trade. In interest theory, Pierson follows Böhm-Bawerk, but at a considerable distance, paying little heed to theoretical subtleties and difficulties, and apparently seeing nothing of the capitalization problem. Pierson defines demand as "amount needed . . . if the goods were to be had for the asking" (I, 48.) This, with no reference to Adam Smith's notion of *effectual* demand, to Mill's precise formulation of the demand concept, or to Cairnes's criticism of Mill, to mention no later discussions, would alone suffice to show that Pierson's interest and importance must lie elsewhere than in the realm of pure theory. His strength is in the judicious application of what may be called the secondary body of theory, the practical theory of the English school, together with a wealth of pertinent facts, to the refutation of economic fallacies and to the solution of practical questions.

The treatment of protection is a case in point (II, 171–219.) Pierson assumes first the standpoint of the ordinary business man, enmeshed in mercantilist fallacies, and analyzes each point fully. There is doubtless an echo of political contests in this part of the book, and one can imagine that Pierson must have been an effective political debater. The case is not quite typical, however. Pierson is more doctrinaire in discussing protection than in treating most other questions. The English economics of competition and self-interest is generally subjected to a great deal of criticism and modification in his handling.

Malthusianism bulks large in Pierson's view—the land is crowded in the Low Countries. And production, in his view, is a much more im-

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portant problem than distribution. The economic situation, again, forces this upon him. Whatever else a crowded laboring class needs, it needs first to increase the total social dividend. Significant of this view is the fact that he groups many of the most important problems under the head of production: the tariff, socialism, the land question, population. The all-important question asked of every social program is: how will it affect the productive capacity of society, and the ratio between population and wealth? There are only three or four pages on the tariff in connection with the theory of international trade, and but little mention of the tariff in connection with distribution. Its effects on production are the significant matter. Trades-unionism also receives as much consideration under this head as it does in connection with wages. It is worthy of note that Pierson has little to say about trades unions, and treats the subject academically, the problem evidently not being of much local importance (II, 75.) He is much impressed with the importance of economizing public domains, and laments the prodigality with which the United States have scattered their princely resources. The single-taxer will be interested in Pierson's preference for the long-time leasing of public lands, as in the Dutch East Indies (II, 351.) The single-taxer will not be pleased with Pierson's brusque dismissal of Henry George's scheme as "an absurdity" (II, 263), but will find matter of great importance in the realistic treatment of the rent of lands and houses (I, 79–175), and in the admirable historical survey of land tenure (viewed from the standpoint of the productive efficiency of different systems) in volume ii, covering 121 pages.

The book contains little that is new on the theory of money. There is a loosely-stated version of the quantity theory; and some sceptical remarks about index numbers appear. But there is a lot of exceedingly well chosen historical and descriptive matter on money and banking, interspersed with sane practical analysis, which is valuable even though already partly out of date.

Practically half of the second volume is given to public finance. Volume i treats of value and distribution, and money and banking; volume ii, of production and public finance. The reviewer foregoes further details. A book of 1244 pages, whose chief significance lies in the superb handling of familiar materials, rather than in a striking, original, central theory, is not to be treated adequately in a review of any length. Pierson deserves to be read. It is to be regretted that there is no index.

B. M. Anderson, Jr.

Harvard University.

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The Tinplate Industry. By J. H. JONES. London, P. S. King and Son, 1914.—xx, 280 pp.

This is a careful monograph on the history and present organization of the Welsh tinplate industry by a student who knows the business. A brief sketch of the technique of production is followed by a study of the period of British monopoly down to 1890, and then of the period of competition ushered in by the passage of the McKinley tariff. The four chapters on organization deal with the localization of the industry, the structure of the business unit, the combination of producers, and always, and perhaps chiefly, the organization of labor.

Like most careful students, Mr. Jones, while agreeing that our tinplate industry offers a striking illustration of the successful application of the "infant industry" principle, is inclined to give the McKinley tariff relatively small credit for the actual growth of the industry during the nineties. He points out that the fall in the price of steel here made even the reduced rates of the Wilson tariff sufficiently protective, and holds the Dingley rates primarily responsible for the formation of the tinplate trust. The distress occasioned in Wales by the loss of the American market and the subsequent recovery of the Welsh industry to its present prosperous condition are described in a chapter that shows interestingly the possibility of fighting protective tariffs with the weapon of free trade. Mr. Jones believes that the abolition of protection here would mean a rapid growth of the American tinplate industry at the expense of the Welsh (page 100).

The varying fortunes of the unions of tinplate workers are traced in some detail, and the conditions of successful unionism in an industry such as this are pointed out.

One of the merits of the book is the manner in which it relates concrete industrial facts to economic theory. For example, Mr. Jones's study of market demand, as opposed to total demand over a long period, and of the relation between demand for tinplate and for the consumption goods packed in tin, leads him to some suggestive conclusions as to the possibility of enlarging the market and increasing the prosperity of the industry by cutting wages during depression. Such detailed industrial studies as this put a solid foundation under economic theory and suggest the limits of its generalizations. The reviewer has noted one or two apparent slight slips in the discussion of American conditions, but the author appears to have done his work with much care, thoroughness and caution.

H. R. MUSSEY.

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The Evolution of Industry. By D. H. MACGREGOR. New York, Henry Holt and Company, 1914.—254 pp.

Rarely is more well-digested information and sound judgment packed into a small volume than will be found in Professor Macgregor's little work. It gives an excellent survey of the changes in economic organization that came with the industrial revolution, and of the complex problems of industrial and social organization that have followed in its train. One is grateful to the author for devoting his attention to modern questions rather than to the remote historical problems that might be suggested by the title.

After defining the idea of industrial evolution, Professor Macgregor devotes two chapters to an outline of the important economic and social changes that have made the England of today what it is. Then he states the "root problems"—health, education, minimum conditions—in a word, those which concern the possibilities and capacities of the individual life. Next he examines the question of the system itself, stating the criticisms of our existing industrial arrangements, particularly as they affect the laborer. The land question, the monopoly problem, and the question of methods of control of industry in turn receive attention, and a good chapter on democracy and leadership ends the book.

The unifying idea of the work is that of on-going industrial development, with a correlative process of social adjustment forever under way, and at present largely in arrears by reason of the rapid industrial stride of the nineteenth century. The evolutionary point of view of the author is illustrated by his statement that in the nineteenth-century régime we must regard wages as a provisional payment to labor out of the national income, a supplementary distribution being made in the form of public services or gift, which last-mentioned items he estimates as high as fifteen per cent on the wages bill. The whole discussion of wages and systems of payment should prove suggestive to economists trained to think, even today, of wages as far more rigidly determinate than is probably the case.

The analysis of competition, again, its persistence under whatever forms of combination, and the possibility of securing effective personal competition by getting rid, so far as may be, of existing individual handicaps, is in accord with the best of recent thinking on this subject, and is free from any tendency to regard existing forms of competition as final. The same flexibility of thought characterizes the treatment of the vexed question of public versus private management of various in-

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dustries. The discussion of the characteristics that fit an industry for public management is notably fresh and unhackneyed. Some students will be inclined to disagree with Professor Macgregor in the importance he attaches to over-investment of capital in competing industries as a cause of combination.

The volume as a whole is eminently sane and balanced, and at the same time stimulating and suggestive. It deserves wide reading among both technical and non-professional students of economics.

H. R. MUSSEY.

Violence and the Labor Movement. By ROBERT HUNTER. New York, The Macmillan Company, 1914.—xvi, 388 pp.

Robert Hunter has long since won his spurs as advocate and defender of organized socialism. The book under this title naturally enough develops a proof of the advantages of socialism in comparison with anarchism, syndicalism and, by implication, with any more radical policy than political-action socialism. "It is the result of some studies" Mr. Hunter "felt impelled to make" when certain sections of the labor movement were discussing the problem of political action versus direct action. Being the result of studies the book is largely academic; despite its adherence to a thesis it is scholarly; it is well written and is provided with references sufficient to serve one interested in further pursuit of the subjects which Mr. Hunter takes up.

The underlying foundation of the book is the unquestioned and the unspoken belief that the working classes must achieve power before society can be more nearly perfect. The only paths open to labor which are noticed are socialism or the still more radical programs of syndicalists or anarchists. A point of view "based on what is now called the economic interpretation of history" (page xii) is continually opposed to the point of view of the anarchist, hater of individuals and maker of war upon individuals. The socialist is concerned with the "economic basis of our common life," the anarchist with some individual (page xii). "In contrasting the temperaments, the points of view, the philosophy, and the methods of these two antagonistic minds, I have been forced [reasons unstated] to take two extremes, the Bakounist anarchist and the Marxian socialist" (page xii).

Thus part i of the book is called "Terrorism in Western Europe," and is a study of various heroes of anarchy, their beliefs, programs, platforms, controversies and lives. Part ii is called "Struggles with Violence"; it might be called the efforts of the true believers marching

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along the weary path of righteousness, for the first chapter in part ii deals with "The Birth of Modern Socialism," and the second with "The Battle Between Marx and Bakounin," Bakounin being, of course, "The Father of Terrorism." Certain heroes of socialism come to the fore, certain famous socialistic congresses and controversies are elucidated, and the third chapter of part ii, "The Fight for Existence," sets forth interestingly and clearly the early struggles of those now known as socialists to stand on their own feet.

Chapter x, the fourth of part ii, is still historical, and concerned with programs, platforms, quarrels and heroes; but chapter xi, "The Oldest Anarchism," vibrates with a new life. The Oldest Anarchy is the anarchy, the law-breaking and the disregard of life and property to which the conservative resorts when his interests are attacked. The chapter is a discussion of extra-legal police, the gunmen of the mine or factory owner, the suppression of the poor and weak by fair means or foul—chiefly foul—the rough-riding of the steed of authority when driven by the powerful. This chapter is one in the book which does bear upon the relation of violence to the labor movement (or any movement) whether the violence is for or against labor. It is by far the most interesting and most worth reading of all in the book, and it deals with matters which very recently have been and may soon again become national problems. The book ends with chapter xii, "Visions of Victory," and the marshaling of facts to show that victory is not far off—for the political-action socialists.

F. A. Dewey.

Bryn Mawr College.

Child Labor in the United Kingdom. By Frederic Keeling. London, P. S. King and Son, 1914.—xxxii, 326 pp.

There is but one Parliament for the United Kingdom, and it would seem as though protective legislation would be much simpler and more uniform in Great Britain and Ireland than in the forty-eight states of this country, each one of which passes its own legislation and is in complete control of the administration of its child-labor laws. As may be seen from even a cursory glance at Mr. Keeling's volume, there is in reality no uniformity in the regulation of the hours and conditions of child labor in England, Scotland and Ireland. Recent laws concerning child labor were made applicable to Scotland and Ireland, as well as to England and Wales; but their administration is complicated by the fact that the education laws of the three countries differ, and the operation of the child-labor laws in Scotland and Ireland is limited so

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as not to conflict with the education laws. The lack of uniformity is, however, only slightly due to the difference in the laws passed by Parliament for the three countries which form the United Kingdom. Its chief cause lies in the fact that almost all British child-labor legislation is made optional with the local authorities, who are given power to make by-laws for the carrying of the child-labor laws into effect.

There are altogether in England and Wales 329 local governing authorities—including the County and City of London, 62 county councils, 78 county boroughs, 138 boroughs and 49 urban districts. Of these, in 1913, 98 authorities had adopted the laws and made by-laws regulating the general employment of children in their areas, and 231 had made no regulations and were not enforcing the laws. In Scotland the laws regulating the employment of children are administered—when administered at all—by the school boards, of which there are 967 in the whole country. Of these, 30 have made by-laws for carrying the acts into effect and 937 have made no by-laws. The burgh councils have also the right to make by-laws regulating street-trading by children; but in 1913 only 6 out of 56 burghs were making any attempt to enforce the acts. In Ireland no local authority has made by-laws regulating the general employment of children; but 5, out of the 43 towns and cities in Ireland which have a population of over 5000, have street-trading by-laws.

The exact position of any town or city in regard to the enforcement of the child-labor laws can be ascertained immediately by a reference to the tables carefully prepared by Mr. Keeling. The tables cover both street-trading and general employment; also the employment of children attending school out of school hours. The work done by these children is classified under such headings as heaving, carting or delivering coal or coke; lathering in barbers' shops; billiard or bagatelle marking; selling programs in theaters; shifting scenery; in kitchens of hotels or eating places; running errands; delivering parcels; delivering milk; selling or delivering newspapers; industrial work at home; domestic work; tending babies; in public entertainments. In all these forms of labor the local authorities are empowered by the Children's Act of 1903 and its amendment in 1911 to limit the number of hours that may be worked and the age at which work may be begun. They can also control the weight of parcels or goods to be lifted or carried by the children; can order the posting of notices stating the conditions under which the children are working.

Street-trading by children may be prohibited entirely by the local authorities or may be limited by means of badges and licenses. The

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Act of 1903 provides that no children may engage in street-trading under the age of eleven, and limits the hours of boys under fourteen and girls under sixteen to the period between 6 a. m. and 9 p. m. The local authorities cannot extend these limits, but they are empowered to make by-laws greatly restricting them and extending the age below which street-trading is forbidden. They may also allow or prohibit street-trading on Sundays.

Mr. Keeling gives sets of specimen by-laws typical of the regulations adopted by the municipal authorities. Even the most stringent leave room for a vast amount of child labor which would be considered excessive by most American authorities on the subject. Mr. Keeling estimates that there are in the United Kingdom 577,321 boys and girls under fourteen who are working for wages, including 34,535 half-timers who are working in the cotton factories. Roughly speaking, two-thirds of these children are boys and one-third girls; but it must be remembered that the author's tables take no account of the work done by girls in their own homes. Mr. Keeling states that this estimate of the number of working children is conservative, as it is impossible to get the figures for the many town and county areas in which there are no by-laws regulating the general employment of children. At any rate the figures are large enough to show the need of a more uniform enforcement of protective laws which are far from being radical in their provisions even when utilized to the fullest degree by the most advanced local-governing bodies.

A. G. PORRITT.

HARTFORD, CONNECTICUT.

Graphic Methods for Presenting Facts. By WILLARD C. BRINTON. New York, The Engineering Magazine Company, 1914. —xii, 371 pp.

After statistical data have been collected in a first-hand investigation there are three courses open for their presentation. They may be filed away on cards or schedules for reference as are death certificates in the health department, or pay-rolls in a business office, in which case only those vitally interested in some fact recorded ever consult them. They may be analyzed in more or less detail, presenting tables of deaths according to nationality, occupation, age, sex and cause, showing the number of deaths which occur from a specified number of persons in each of these groups. The business manager may calculate average wages and compare with the cost of raw material or capital equipment, or he may compare the wages paid with the efficiency of the workman.

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When facts are thus summarized, analyzed and compared, more persons are interested and able to grasp their meaning, and to utilize the knowledge gained.

Nevertheless, there are strict limitations upon the utility of tables of figures, even when reduced to the briefest and clearest possible tabular form. Most people have an aversion to figures because, in the mass, they mean little or nothing to them. Interest is not aroused by averages, rates, percentages or comparative statements. The investigation may have convinced the minds of the investigators but it remains to persuade others of the soundness of the conclusions supported by the statistical data. Usually facts do not speak for themselves because people either cannot or will not hear them. Sometimes, the person is too busy and must have his attention fixed upon the important facts by some striking device which avoids time-consuming details. In other cases, the facts themselves are complex and the mind refuses to hold before it several sets of data for comparison at the same time. Sometimes, contact with a person's interest is prevented by the very confusion of a mass of figures. These difficulties must be overcome if results are to follow from the investigation. Facts do not automatically change conditions. They are means to an end. Obviously, methods of presenting them are of the greatest importance.

Therefore, the final step in the presentation of data is the use of the graphic method. The eye aids the mind to grasp the results of the investigation by the use of a diagram, a curve, or a shaded map. In this manner the essentials may be emphasized vividly without confusing details. Comparisons may be shown, on the same chart, of two or more sets of facts. The attention is arrested and thought is stimulated. When skilfully drawn these graphic devices appeal to a far wider group than do the tables from which they have been constructed.

There is a further reason for a careful discussion of graphic statistics. Since, by this method, the statistician conveys the impression through lines and surfaces rather than by tables of figures, the reader is particularly at his mercy. Graphs offer effective means for misrepresenting the facts, either through lack of skill and knowledge of methods of construction, or through deliberate intention. The result of the wrong impression gained from a chart is apt to be the same as if the figures had been misstated or manipulated, and may be more wide-spread. Therefore, the greatest caution is needed in the choice and construction of graphic devices.

In general works on statistics, specific chapters present some of the most important principles of construction and interpretation of graphs,

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with a very limited number of illustrations, but Mr. Willard C. Brinton has published recently the first book devoted entirely to the subject. The author has brought together over 250 examples of good and bad graphic devices covering a wide range of subjects in business, social and technical statistics, drawn from both official and private sources. He has classified the material under appropriate chapter-headings and presents with each graph detailed criticisms, in such a manner as to appeal to the non-technical reader—business man, social worker and legislator. Many of the worst practices are condemned from reference to actual examples, and, in many cases, the author has drawn a second chart from the same data to illustrate a better method of presentation. On the whole, the work is well done.

The book must be judged in view of the fact that it is not designed primarily for those having special training in statistical methods. That the author, himself a technical expert—an engineer—has so completely avoided technical terms in the discussion, and yet has, in most cases, successfully presented the material, is one of the noteworthy features of the book. Of course certain chapters present specialized data from business experience, which require familiarity with the facts in order to appreciate the full significance of the graphic devices used, but this knowledge the reader of these portions of the book will possess. The author devotes over 60 pages to charts and records useful to officials of large business concerns. The discussion is not confined strictly to the field of statistics but shows also how graphs may be used by the executive to chart the organization of a business, the routing of materials in the process of manufacture, and the location of rivals in the same field.

A very commendable feature of the book is the arrangement of clear titles and sub-titles for the charts, which are themselves reproduced or drawn with the greatest care, on a very good quality of paper. The titles and legends accompanying the charts are stated in such a manner as to explain the material presented and to express the essential criticism of method for the use of the hasty reader, without reference to the text discussion. This hasty review of charts has its dangers, however, even with the clearest possible titles, and should be discouraged.

In his criticisms of various charts and in the statement of rules for construction the author leaves the impression that the actual figures from which the chart is constructed should always, if possible, appear upon the graph. In the opinion of the reviewer this statement is too emphatic. Graphs are made with vertical and horizontal scales, with rulings to guide the eye, with keys for interpretation, and the impression should be received from the graph and not from the figures. It is desir-

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able, therefore, to keep the chart as free as possible from details, especially when the appeal is to persons who care nothing for the exact figures. Besides, the chart is frequently used in connection with the discussion of tables of figures, to which reference may readily be made. It is admitted that where a chart is presented independent of the original data from which it has been drawn, it is very convenient for reference to have the figures included, provided they do not confuse the impression by distracting attention. This may be avoided by placing the tabular statement in inconspicuous type in one corner of the chart.

On page 199 a definition of correlation is given which is apt to prove misleading—"a term used to express the relation which exists between two series or groups of data where there is a causal connection." When correlation has been shown between two sets of data, it does not necessarily indicate a causal connection. (For definition of correlation, see A. L. Bowley's *Elements of Statistics*, p. 316, 2d ed., 1902). A high degree of sympathetic fluctuation of two series of data creates a presumption of some causal connection, but they may fluctuate in sympathy due to an outside cause operating upon each in a similar manner; as, for instance, when bank clearings are large in amount, immigration is also large because both are results of prosperous conditions. This distinction is very important because, while curves are very effective in showing comparisons in the movement of two or more series of data, the greatest caution is needed in the interpretation of the significance of the suggested relations.

The final chapter summarizes more than a score of rules and cautions in the construction of graphic devices which, if observed, would prevent the most serious and frequent errors, as well as increase the effectiveness of this most useful method of presenting facts. To a few of these rules some exceptions may be taken but as a whole they form an extremely useful summary for good statistical practice. At present there are few if any accepted standards of practice in graphic statistics and far too little condemnation of bad devices. Editors who would be humiliated if bad English or actual misstatement of facts should be discovered in their columns, go on publishing bad graphs which just as surely convey a wrong impression. Recently, the American Society of Mechanical Engineers invited about fifteen of the leading American scientific societies of national scope to appoint representatives on a Joint Committee On Standards of Graphic Presentation. No report has been issued. The author has presented his discussion at a time when it will prove most useful in promoting better standards of practice in graphic statistics.

ROBERT E. CHADDOCK.

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Roman Imperialism. By TENNEY FRANK. New York, The Macmillan Company, 1914.—xiii, 365 pp.

The author's gradual preparation of this volume may be traced through the publication, in various learned periodicals, of the results of his successive studies in the field. His ability and scholarship will undoubtedly command the respect of the reader; and whether or not his interpretations are accepted, the work cannot help being a great aid to any who may wish to make themselves acquainted with the external history of the Roman Republic. It is with sincerest regard for the author and admiration for his achievement in detail that this review offers objections to some of his most essential conclusions.

The purpose of the work is "to analyze, so far as the fragmentary sources permit, the precise influences that urged the Roman republic to expansion." The study begins with an examination of the fetial institution, on which the author contributed a paper to *Classical Philology* (1912, p. 335). He calls attention to the fact that the *fetiales*, who had charge of the ceremonies applying to Rome's relations with other states, declared wars for defence and redress only, and called down the wrath of Jupiter upon the Romans in case they should break a treaty (page 8). Professor Frank has no doubt that this institution, though occasionally failing to maintain justice, was on the whole observed in good faith for centuries (page 9).

The fact that Jupiter, who was guardian of the solemn fetial oath, was also the supreme deity of all the tribes adjacent to Latium must have tended toward a careful observance of the terms covered by the oath. In these circumstances the Romans could hardly imagine themselves as the god's favorite people, possessing an exclusive monopoly of his protective power in the event that they chose to disregard the treaties which he had been called upon to witness.

If we find that the generalizations here offered are substantiated by the facts of Roman history, we shall be warranted in concluding that the author has proved his thesis; but that the argument, so far as expressed in these general terms, has no real value is proved by all that we know of the inter-relations of states throughout history, and particularly by the present European war, in which every belligerent claims to have engaged in the conflict purely and simply for defence. Each nation, too, prays fervently and hopefully to its respective Jupiter to save it and blast its iniquitous enemies. Unless the ancient Roman was appreciably superior to the authors of the variously-colored books

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of today, we can imagine him seriously performing his fetial rituals and acting on every occasion to his own advantage. The testimony of Polybius, evoked by the author in support of his contention, is perhaps more damaging than otherwise; for in the opinion of this historian (xiii, 3) Rome had in his time retained but a slight trace—"footprint"—of the former moral principle of warfare. His estimate of the Romans elsewhere expressed is somewhat unfavorable. Though in earlier times they were true to their word, he tells us, they have greatly degenerated since they began their transmarine conquests. He politely qualifies this remark by venturing the assertion that the majority are still honest, and tries to prove his point by citing two cases (xviii)! Evidence of the moral degradation of the Senate in the management of foreign affairs is found especially in its acceptance of retainers for favors to be granted (*cf.* xxiii, 1; xxxii, 3, 5).

The period of chief interest in the history of Rome's foreign relations is doubtless the fourth century B. C. (or more strictly, 400–264), during which she developed her policy of conquest, including her treatment of subdued populations (cc. iii–v). It is the period during which Rome extended her supremacy over a great part of Italy. The author contends that the policy of Rome during this time was preëminently just and humane. The greater part of Italy remained free under alliance with Rome. In the case of annexed territories most of the land was left to the inhabitants, who were given the *civitas sine suffragio* and afterward the full Roman citizenship. Of the land taken from them Rome reserved but little for her exclusive use and divided the greater part with the Latins for the founding of Latin colonies. Notwithstanding such evidence as the author presents (e. g., page 86, note 44) it seems impossible to reconcile the theory of so benevolent a disposition of the land with the fact given by Polybius (ii, 24) that in 225 B. C. the Romans and Campanians (*cives sine suffragio*) together with their Latin allies—many of whom were originally Romans—could furnish a military force of 358,000 men out of a total military list of 770,000 for the entire Italian federation. This increase in population, however, was not accompanied by a proportionate extension of territory. Nevertheless it remains true that in the period 400–225, Rome, which at the earlier date had controlled an insignificant territory, took possession of nearly a third of the land of the peninsula for herself and her allies (*cf.* Beloch, *Der italische Bund*, p. 100). This fact is sufficient for throwing doubt upon Professor Frank's theory of benevolent expansion, and for confirming essentially the annalistic view that Rome generally punished a state for an alleged violation of a treaty by taking from her a third, a half, two-thirds or more of her territory.

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The foreign policy of Rome during this period is connected internally with the agrarian question in politics and externally with the cultural history of the peninsula. In several places, as on page 86, note 44, the author refers with satisfaction to Niese's attempt to disprove the existence of a Licinian-Sextian agrarian law of 367 B. C. Niese's conclusion is taken as evidence that Rome acquired little or no land for herself through conquest in those times. In the reviewer's recollection, however, Niese's disproof consists essentially in the mere assumption of the very thing that our author is laboring to prove. The acquisition of the Veientine territory was enough at least to suggest the need of a policy of disposing of acquired land—a policy which found partial expression in the statute under consideration. Even if the date is a decade or so too early—if the statute was in fact suggested by the acquisition of land from the Volscians toward the middle of the century, and from the Latins somewhat later—the essential historicity of the statute is not shaken. The cultural history of the peninsula was profoundly affected by the rapid spread of the Latin language, in the first instance over central Italy. This extension could have been due to no governmental propaganda nor to any eagerness on the part of the slightly civilized tribes of the interior to discard their own dialects in favor of Latin. In brief, we cannot account for the spread of the language in any other way than by the partial extermination of the natives and the substitution of a Latin-speaking population (*cf.* Soltau, *Wie gelang es Rom so schnell, Mittelitalien zu romanisieren?*). This consideration also supports the opinion handed down from the Roman annalists of an extensive confiscation of lands.

A feature of Rome's interstate policy always justly commended was the wisdom which refrained from subjecting allies to tribute, requiring of them nothing more than military service. This prudence contrasts with the "political myopia" of the Athenians, who systematically reduced their allies to tributary subjection. The superior policy of Rome, however, is largely to be explained by the fact that it was well formed and crystallized before Italy developed economically to a degree that would render tributes practicable, and further that the military service of Rome's allies was very efficient and valuable, whereas that of the Athenian allies had proved almost worthless. What Rome would have done as the head of the Delian confederacy is still a problem, especially in view of the fact that in the course of her expansion, as soon as she acquired a territory (Sicily) from which the collection and transportation of tribute was practicable, she did not hesitate to substitute tributary subjection in place of her former policy of alliance.

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How far circumstances rather than principle controlled her treatment of other transmarine acquisitions does not seem to have been carefully examined by anyone.

The author has followed the usual custom of contrasting the Roman political capacity with the Greek lack of it. His limited comparison, however, has left a wrong impression. The Peloponnesian league was very similar to the Roman-Italic federation, and centuries earlier. It is true that the cultural development of Hellas tended to foster in individual and town a self-determination inimical to the growth of large political aggregates, whereas certain culturally-backward Greek peoples, the Ætolians and the Achæans, created a far more equitable federation than Rome ever dreamed of. The liberality of Rome, too, in granting her citizenship to subdued peoples is contrasted by Professor Frank, according to custom, with the Greek illiberality. In judging of this matter, however, it is necessary to take into account not only the state which bestows the citizenship but also the character of the people to be admitted. Occasionally a Greek state tried the experiment of admitting a large number of aliens, but such acts almost invariably resulted in revolution (Aristotle, *Politics*, 1303 a). Whereas Greeks stubbornly resisted political assimilation, the native Italians readily yielded to it.

An occasion on which the fetial rule could be tested offered itself in 264 B. C., when the freebooters, self-styled Mamertines, who had seized Messana, asked Rome for an alliance. They had been in occupation of this city almost twenty-five years, during which they had preyed upon their neighbors. No state, with the exception of a similar body of bandits who had seized Rhegium across the strait, had given them recognition of any kind. At length when menaced by the Syracusans they begged Rome for protection. At this time Rome had a treaty of friendship with Carthage and presumably with Syracuse. In spite of all these facts she came to the rescue of the Mamertines, who down to this point were the enemies of both. These are the essential facts gathered from Polybius (i, 7–11). In the opinion of many Romans and of Polybius (i, 10; iii, 26) the alliance was a breach of equity hard to justify; the only excuse was the protection of Italy from Carthaginian encroachments. Professor Frank, however, contends that "on the score of respectability there could be no serious objection to an alliance with the Mamertines," that they "had been recognized by both Carthage and Syracuse as a treaty-making power in good standing," and that as they were presumably autonomous, Rome "would not have to break the fetial rules in granting the request."

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Here is regrettably a case in which the author's excessive zeal for the fetial institution has unconsciously biased his reproduction of the facts.

The author rightly accentuates a truth, by no means new, that the Roman democracy was more imperialistic than the aristocracy; and his remarks on pages 66–67 go far toward explaining this fact. The motive of the masses, beyond the very moderate military pay, was the acquisition of land and plunder. This fact, apparent on nearly every page of Roman military history, deals a deadly blow to the theory of benevolent expansion. On the side of the statesmen it is to be noted that as the aristocracy had established itself largely on the basis of successful military service, its new recruits from the lower class were naturally more eager than the older nobles to try their blades for the glory of their families. In a degree, however, the new and old were alike, and the responsibility for many a war connects itself with the consul's ambition for military fame. We have a right at least to suspect that such was the case with the Claudius who brought on the first war with Carthage, and it was certainly the motive of Flamininus in bringing on the second Macedonian war (Polybius, xviii, 10–12). Similarly the termination of a war may sometimes be explained by the temporary commander's desire to secure additional honor by making peace in anticipation of the arrival of his successor. An examination into the causes of the various wars waged by Rome in the Mediterranean basin would doubtless lead to the conclusion that principle played little part in the expansion of her power over this area.

One of the best features of the present work, on the other hand, is the citation of recent literature on the subject up to the date of publication. Particularly the treatment of earlier Roman history, together with the citation of recent literature, indicates the vast advance that has been made in that field since the publication of Mommsen's *History of Rome*.

GEORGE WILLIS BOTSFORD.

With Mr. Chamberlain in the United States and Canada: 1887–1888. By SIR WILLOUGHBY MAYCOCK. London, Chatto and Windus, 1914.—vi, 278 pp.

Sir Willoughby Maycock, who since 1903 has held what he describes as the important post of superintendent of the treaty department of the Foreign Office, was in this country with the late Mr. Chamberlain in 1887–1888, when the fishery treaty of 1888 was negotiated at Washington. According to his own statement he was associated in London with the late Edmond Yates, who in 1878 had established a society

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journal known as *The World*. No American editor was ever more alert or more enterprising than Mr. Yates in collecting material adapted to the taste of his constituency; and Sir Willoughby Maycock had apparently scarcely landed in New York when Mr. Yates cabled him to send a few notes of the doings of the Chamberlain mission. The attaché of the mission accordingly sent *The World* a story of an afternoon reception in Mr. Chamberlain's honor, given in Washington by Dr. and Mrs. N. S. Lincoln. What the story was like can be realized from Sir Willoughby's retelling of it in his narrative, in book form, of the diplomatic mission of 1887–1888.

> Of the many ladies who were present on this occasion, some wore morning dress and others low-necked evening attire, which struck me as odd. I recollect meeting there two pretty Miss Tiffanys, who hailed from Baltimore. They asked me to indicate which was Mr. Chamberlain. When I pointed him out one of them exclaimed, "Why, I guess he's just lovely!" They paid no such compliment to me, alas! I could not resist telling him this little story, which the *Pall Mall Gazette* reproduced with an illustration. I am not sure that the chief quite appreciated it when he saw it. The artist Mr. (now Sir) F. C. Gould hardly did himself justice on that occasion.

A monograph on the Chamberlain mission to Washington, such as a man with Sir Willoughby Maycock's opportunities might have written, would have been a really valuable contribution to the history of the diplomatic relations between the United States and Great Britain and the Dominion of Canada since Confederation in 1867. But for the most part the texture of Sir Willoughby's book is not much better than the sample which has been quoted. There are menus of dinners and a program of a concert on the Umbria, on the voyage back to England in March, 1888. Two or three pages are devoted to Mr. Chamberlain's wooing of Miss Endicott; there is a page or two about the negro waiters at the Arlington Hotel in Washington; but the only value of the book, from the point of view of diplomatic history, is that it contains the interviews that Mr. Chamberlain gave to the reporters in New York, and verbatim reports of the more important speeches he made in New York, Philadelphia and Toronto, and of the speech he made in Birmingham at a banquet in his honor on his return to his home city.

No attempt is made by Sir Willoughby to describe the diplomatic situation of the fishery question when Mr. Chamberlain reached Washington. He does state that the reciprocity treaty of 1854, and the articles in the Treaty of Washington according reciprocal fishing privileges, had been denounced by the United States, "for reasons which

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there is no need to discuss." Perhaps it is just as well that Sir W. Maycock thus lightly dismisses the denunciation in 1865 of the reciprocity treaty negotiated by the Earl of Elgin and Mr. Marcy in 1854, and the denunciation in 1884 of the nine articles of the Treaty of Washington and its protocols that accorded fishery privileges and conditional privileges in the coasting trade of the Great Lakes. The episode at Fortune Bay, Newfoundland, on January 6, 1878; the Marquis of Salisbury's long and persistent attempt to uphold the policy of Newfoundland in curtailing the treaty privileges of New England fishermen by local legislation; and the subsequent complete abandonment of the attempt by Great Britain in 1881, when an unsuccessful appeal of the Beaconsfield government to the constituencies had resulted in the return of the Liberals to power and the substitution of the Earl of Granville for the Marquis of Salisbury at the Foreign Office, is not an exhilarating chapter in the diplomatic history of the British North-American Dominions. Nevertheless, a book on Mr. Chamberlain's mission of 1887–1888 has little value for students with the Fortune Bay episode and the consequent strained relations ignored.

Apparently it was not Sir Willoughby's purpose to write a book of value to students of these diplomatic relations. But even if it were only the social aspects of the mission with which he was concerned, he might have stepped over from the Foreign Office to the large and well-equipped library of the Colonial Office, and verified his statements concerning Canadian statesmen of the era of the Washington treaty of 1888. Sir Charles Tupper will be surprised to learn from Sir Willoughby's pages that he was ever a member of the Dominion House of Commons for a New Brunswick constituency; for the last survivor of the Canadian statesmen of the era of Confederation is a Nova Scotian; and in a parliamentary career that extended from Confederation to 1900 he never represented at Ottawa any constituency outside the oldest of the Maritime Provinces. Canadian admirers of Sir John A. Macdonald also will scarcely appreciate the impression left by the author, that Macdonald was premier for the first time in 1878. Moreover, it will surprise Canadians to learn that Hamilton, Ontario, is a university city; and that the Toronto Board of Trade held its first annual banquet in 1888. The Toronto Board of Trade was in existence in the days of the United Provinces. It was incorporated as early as 1845; and it must have been much more self-denying than most Canadian Boards of Trade if it had had no annual banquets earlier than the year of the Chamberlain visit to Toronto.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

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Sir George Etienne Cartier. His Life and Times. By JOHN BOYD. Toronto, The Macmillan Company, 1914.—xxi, 439 pp.

Canadian statesmen cannot hitherto be said to have been fortunate in their biographies. Until Boyd's Life of Cartier was published, scarcely one of the Fathers of Confederation or any of the men in political life in the era of the United Provinces was commemorated by an adequate or comprehensive biography. Most of the biographies had an atmosphere of provinciality about them, probably because they were written before the Dominion of Canada had arrived, and in the day of small things in Toronto, Montreal, Quebec and Ottawa. The distinguishing feature of Mr. Boyd's Life of Cartier is the complete absence of this air of provinciality, and the success with which he has fitted Cartier into the political history of Canada from the Papineau and Mackenzie rebellions of 1837 to the coming of Manitoba into Confederation in 1871.

Until Sir Wilfrid Laurier came into prominence as leader of the opposition in the House of Commons in 1891, in ability and statesmanship Cartier was the most notable contribution of the province of Quebec to political life either in the old British North-American provinces or in the Dominion. He was quite as potent a factor in bringing about Confederation as Macdonald, or Galt of the Eastern Townships, or George Brown of Ontario, or Tupper of Nova Scotia. It is an open question whether Cartier was not more than Macdonald's equal in this great work, despite the fact that chief honors and most recognition in London fell to Macdonald, who during the last twenty years of his life staged some of his political achievements and made many of his speeches with an eye quite as much to Downing Street as to the electorate from which he drew his majorities in the House of Commons.

Cartier was worthy of a first-class biography, and Mr. Boyd has accorded him his due. The life and times of the lawyer-statesman who represented Quebec in the preliminaries and negotiations for Confederation, and in framing the constitution for the new Dominion, when he stood out for federal as distinct from legislative union, will rank with some of the best biographies of English statesmen; and it may well serve as a model for biographies of Canadians, such as those of Blake and Cartwright, which remain yet to be written.

Part of Mr. Boyd's task was to write the political history of Quebec and Ontario, of the United Provinces, and of the Dominion from the rebellion of 1837 to Cartier's death in 1873. He has been as successful in this part of his work as he has been in his presentation of the

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important rôle that Cartier played in the political life of the United Provinces, in the bringing about of Confederation, and in moulding the constitution of the Dominion. He has also succeeded in depicting how Cartier, who took part in the rebellion in Quebec in 1837, gradually became a Conservative, and experienced no difficulty in working in harness at Ottawa with Macdonald and Tupper.

The history of the rebellion, so far as it affected Quebec, is told clearly and with much interesting detail. It is told more fully than in any of the general histories of Canada, and with much spirit and freshness. The outbreak at Toronto is not so adequately described. It was not so serious as the rebellion in Quebec, and fewer lives were sacrificed; but it needed both Mackenzie and Papineau to bring home to Downing Street, in such a way that it could not be ignored, what the rule of the Family Compact meant for the common people and the reformers of Quebec and Ontario. Both Mackenzie and Papineau are now commemorated by statues on Parliament Hill at Ottawa—statues paid for out of the Dominion treasury; and in a political history of Canada from 1814 to 1873, Mackenzie and the troubles in Ontario that preceded the outbreak at Toronto in 1837 would seem to call for a little more attention than Mr. Boyd has bestowed on them.

There is no mention in Mr. Boyd's bibliography of Poulett Scrope's *Life of Lord Sydenham;* nor does Mr. Boyd seem to have drawn on this history of Sydenham's administration from 1839 to his death at Kingston, Ontario, in 1841. Failure to avail himself of this source of information perhaps accounts for the scant notice of the progress of the United Provinces toward a more democratic system—toward the long-desired goal of responsible government—during Sydenham's term as governor-general.

Sydenham, who followed Durham in that office, was a man of more democratic sympathies than any of the previous governor-generals with the exception of Durham. It was Durham's report rather than what Durham accomplished when he was in Canada that brought about the new era in British colonial rule and policy. Sydenham was the first governor-general of this new and better era—of the era of which the most evident example of its success and beneficence can be seen in the part that Canada and the other Dominions are taking in the great war. Sydenham's biographer asserts that when the session of the legislature closed on February 10, 1840, there had been "exhibited for the first time in Canada the working of a government majority on the same principle on which parliamentary business is conducted in the mother country." The advance made in 1839–1840 was not permanent. The

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struggle for responsible government had to be renewed after Sir Charles Metcalfe succeeded Sydenham as governor-general; but the administration of Sydenham is a landmark in the progress towards democracy in Canada, and Sydenham is certainly entitled to a place in the history of the United Provinces from 1840 to 1867.

The economic progress of Canada during the period covered by Cartier's active career in politics—1848 to 1873—is well traced by Mr. Boyd. In particular is this so as regards canals and railways. But in view of the fact that Cartier in 1857 was almost the first of the French-Canadians in the legislature to declare in favor of a protective tariff, and that he was of the legislature when the national policy tariffs of Cawley and Galt were enacted in 1858 and 1859, Mr. Boyd gives singularly little attention to these tariffs and none to the manufacturing industries of Ontario and Quebec, which were then beginning their development. Galt's tariff is the charter of the fiscal freedom of Canada. It is dismissed by Mr. Boyd in five lines.

In describing Cartier's attitude toward the United States—persistently an attitude of contempt for Republican institutions—the author somewhat exaggerates the eagerness of the United States at any time during Cartier's career to annex Canada. Nor is it quite fair on Mr. Boyd's part to allow it to be inferred that the free navigation of Lake Michigan was all that was conceded to Canada by the Treaty of Washington of 1871 in return for the free navigation of the St. Lawrence and the use, subject to tolls, of the St. Lawrence and Welland canals. Canada, in addition to the free navigation of Lake Michigan, was conceded toll-free the use of the St. Clair Flats Canal, and also the use on terms of equality with Americans of the canal and locks at St. Mary's Falls, where the Dominion was without canal and lock until as long after the development of the prairie provinces had begun as 1895. Besides these two privileges Canadian vessels were permitted, by an easing of the United States navigation laws, to carry cargoes from one American lake port to another, provided part of the transport was across land territory of the Dominion. This concession was enjoyed by Canadian lake transport companies from 1873 to 1885. It was much valued at Collingwood, Toronto, Kingston and Montreal; for the Dominion government made great efforts to secure its revival at the time of the friction over discriminatory tolls on the Welland canal that lasted from 1885 to 1893.

There is much less of hero worship in this biography of Cartier than characterizes most biographies of Canadian statesmen. The only marked lapse into adulation occurs when the author is concerned with Cartier's share in the Canadian Pacific Railway charter scandal of 1872.

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Cartier, quite as much as Macdonald, was involved in the worst scandal in the history of Canada or of any other of Great Britain's oversea dominions. He drew on the Allan fund for $20,000, well knowing where the money was coming from, and knowing also that Sir Hugh Allan had not made the fund available out of disinterested goodwill for the Macdonald government or for the advancement of the principles of the Conservative party. Money in large sums has never been subscribed in Canada for the advancement of political principles, be these principles Liberal or Conservative. "The money advanced by Sir Hugh Allan," writes Mr. Boyd, "was used for campaign purposes, and no one ever intimated that a cent of it went to Cartier personally. His personal honor and integrity were unquestioned." "A grateful country," adds Mr. Boyd, "has long since forgiven Cartier, in view of the imperishable services he rendered." It will surely be a better day for Canada—a more hopeful day for democracy in the Dominion—when gross political corruption and personal honor are not so compatible as they appear to be in this estimate of Cartier's part in the scandal of 1872–1873.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

The Canadian Annual Review of Public Affairs. By J. CASTELL HOPKINS. Thirteenth Year of Issue. Toronto, The Annual Review Publishing Company, 1913.—766 pp.; Supp. 70 pp.

No other English-speaking country has a survey of the year on the scale of the *Canadian Annual Review*. It is of much larger proportions than the *Annual Register of Great Britain;* and there is no annual review of the United States designed on quite so generous a scale. And its proportions certainly do not detract from its value and serviceability. They are necessary to an adequate survey of the year in Canada, for two reasons. There are at most not more than three daily newspapers in the Dominion—one in Montreal, one in Toronto and the third in Winnipeg—that pretend adequately to cover the political life and economic development of the country. Moreover, in these days —certainly before the depression in Canada of 1912–1913 and the beginning of the great war—economic development was proceeding at a pace that outran the ability of even the most enterprising newspapers in the Dominion. The temporary check that has come to Canadian development as a result first of the financial stringency of 1912–1913, and next as a consequence of the European war, makes the issue of the

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Annual Review for 1913 of more than usual interest; for it is the first long pause in the development of the Dominion since the beginning of the twentieth century.

With excellent judgment Mr. Castell Hopkins treats of the depression of 1913 at the beginning of the volume. It was the one great fact in the history of the year covered by the *Review;* as the war must be the outstanding fact in the history of Canada in 1914. A new era must begin for the Dominion at the end of the war. It will probably be an era of governmental and semi-public economy, such as has not been practiced since the future of the Dominion became fully assured in the nineties of the last century. For this reason an adequate survey of financial and economic conditions in 1913 such as Mr. Hopkins presents with thoroughness and wealth of detail is of permanent value. Forty-two pages are devoted to the various aspects of the depression, to the evidences of it that obtruded themselves on notice from Vancouver to Halifax; to an examination of the nature and causes of the depression; to British loans and investments in the Dominion; to the influence of the depression on the municipalities in the country between the Great Lakes and the Pacific Ocean, especially on their ambitious plans and schemes for municipal improvements; to the part that the long-continued and widely-extended real-estate boom had on the depression; and finally to the financial history of the hard times of 1913.

Next, in what may be described as the passing as distinct from the permanent features of the *Review*, comes a chapter on the banks and the bank act. Of quite as much interest in view of the war, and the part that Canada is taking in it, is the chapter, eighty pages long, recounting the history of the naval question in 1913, with the circumstances under which the Borden government departed from the naval policy adopted by the Laurier government in 1910, and submitted to Parliament a new policy which had to be abandoned owing to the defeat of the government bill by the Liberal majority in the Senate.

These are what may be described as the special features of the *Review* for 1913. All the permanent features of the *Review*—the history of Dominion politics and of political developments in the nine provinces—during 1913 are well maintained. These features, quite apart from the three special sections which have been described, make the *Review* indispensable to students of Canadian politics and economic development.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

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Municipal Charters. A Discussion of the Essentials of a City Charter with Forms or Models for Adoption. By NATHAN MATTHEWS. Cambridge, Harvard University Press, 1914.—vii, 210 pp.

One does not have to agree with ex-Mayor Matthews' views regarding principles of city government in order to recognize the extraordinary value of this volume to students and teachers of the subject, as well as to city officials, charter committees and others engaged in the hand to hand struggle with the difficult daily problems of municipal administration. It is to the latter, however, that the book, in truth, is addressed, and to them especially the author's thirty years' first-hand experience in the government of Boston raises a presumption in favor of his right to speak with authority in this field. The purpose of the work is to present a draft of a model charter with an exposition of the principles underlying it. In the plan the discussion of essentials becomes part i (pages 3–93). Parts ii and iii, making up the greater bulk of the volume (pages 97–210), include the charter and explanatory notes thereon. The experience of other states and cities has been used; nevertheless the model charter has been drawn with the Massachusetts laws and Boston governmental history in mind, the references being to Massachusetts statutes and Boston public reports. The charter is intended for cities of 100,000, but a necessarily incomplete examination seems to justify the author's belief that with slight modifications it may "serve as a model for legislation in any state respecting cities of any size."

Not the least admirable feature of the work is the dispassionate manner in which the author, while insisting on his own beliefs, presents all shades of opinion on disputed points. This attitude is maintained even in the draft charter which includes alternative provisions embodying conflicting views on some matters. Needless to say, the absence of bias has served the more to add force and conviction to the author's own conclusions, some of which may briefly be presented here.

Mr. Matthews believes that the ordinary problems of government are so similar in all cities of the United States that we may establish certain general principles which will be universally applicable. For this reason he thinks uniformity is not only possible but desirable, from which it follows that "home rule" seems unimportant to him. Indeed he finds "nothing in the experience of Missouri and California with the so-called freeholder charters to justify the policy," and holds that "the arguments advanced in support of this idea generally rest either on ignorance of town and city history in this country, or on a child-

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like faith in the value of the phrase" (page 34). The state, therefore, not only should impose by law upon the city sound methods of administration but also should directly supervise and control the local authorities with respect to loans, civil service, public investigations, the regulation of public service companies, and the management of municipal business enterprises.

The type of organization which in the author's mind meets the requirements of his principles is "the responsible executive type" as distinguished from the "commission" and the "city council committee" types. The latter is found un-American in origin and unsuited to our conditions. The commission form is not preferred because it divides responsibility; nevertheless its value as an improvement over the council type is recognized, and the draft charter is accompanied by suggestions for modifications (pages 164–174) to adapt it to this popular form. Enthusiasts for the city-manager plan will regret that their pet project is dismissed in a brief footnote as merely a development of the commission form. The draft plan provides for an elected mayor who appoints all administrative officers and takes entire responsibility for the conduct of administration subject to checks by certain state boards in matters legitimately within the sphere of state influence and, in all other matters, by a small unicameral council elected at large for long terms, part retiring after shorter periods. The budget is to be prepared in the mayor's office and submitted to the council, which may not increase the items nor add to them.

As to franchise grants the indeterminable form is advocated, since on the author's showing any other form is adverse to the public interests. Franchises are to be granted by state legislatures subject to assent by local councils in such matters as location on particular streets. Regulation of rates and service is to be entrusted to a state board. The chapter on management of municipal commercial enterprises is startling in some of its assertions, e. g., "There are probably not more than two or three municipal gas or electric light plants in the country which would not be shown, upon a proper analysis of their financial management, to be operated at a loss, or by means of loans increasing faster than the value of the works" (page 83). But this is no condemnation of the policy; proper accounting will, in the view of the author, reveal the reasons for loss and point the way to improvements whose accomplishment is a comparatively easy task.

Little is found to praise in many of the newer instruments of democracy. The direct primary is out of place in city government because there is no need for political parties in cities, and non-partisan

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elections require no previous elections to determine candidates, for they may "qualify by merely filing nomination papers." Even if this should result in the election of minority candidates the author hesitates to recommend preferential voting. The initiative and recall are condemned, as is also the referendum, except for deciding certain questions of finance, municipal ownership, and so on.

Throughout the work runs a current of distrust of the tendency to imitate foreign institutions. So far as this attitude does not result in sheer provincialism it may be commended; it is at least a welcome relief from the chorus of adulation which American observers of foreign municipal institutions have been raising.

VICTOR J. WEST.

LELAND STANFORD JUNIOR UNIVERSITY.

Progressive Democracy. By HERBERT CROLY. New York, The Macmillan Company, 1914.—438 pp.

In this volume the author of *The Promise of American Life* has contributed another thoughtful study of the American political system. Mr. Croly has the unusual advantage of being a student-spectator of the phenomena which he describes; and for this reason his work is characterized by fairness, poise, keenness of observation and sympathy with progressive ideas.

In the author's view, the great problem of the present is to find some way of altering the political physiognomy of the American people, who, weary and heavy-laden with the legalism of the eighteenth century, are seeking to break the "power of the word," as he calls the federal constitution. Mr. Croly has no quarrel with the past. He warmly admires the "monarchy of the Constitution" for having instructed the American people during their "collective childhood" and for having established a government which was at once authoritative, national and educational. But he becomes impatient with the present upholders of the past who, for selfish reasons, wish to perpetuate an alliance between "an overgrown business system with a superannuated political system."

Since the Civil War, a great deal of uneasiness began to manifest itself among large sections of the American people because of the growing influence of corporate capital on the political life of the nation. Radicalism was at first sporadic and morally indignant at this or that "abuse" which it wished to abolish in order to restore the pristine purity of the Fathers. It finally began to dawn on the minds of the more thoughtful that perhaps all was not well with the political structure established by the Constitution, so long praised as the mirror of polit-

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ical perfection; and this "pervasive progressivism, which began by being dangerously indignant, ended by being far more dangerously inquisitive." The fundamental principles of the American political system —checks and balances, judicial supremacy and *laissez faire*—which had been accepted unquestioningly by all classes of the people, were suddenly subjected to a most searching and destructive criticism. And the end is not yet in sight.

Mr. Croly is a believer in direct government as a form of escape from the network of constitutional checks and traditional legalism. In his view, direct government, which was once impossible in large communities, has now become feasible owing to the multiplication of agencies to organize and instruct public opinion, like the public schools, popular newspapers, public forums and reform organizations. A timely chapter for New Yorkers is the one on the "Visions of a New State," wherein the author advocates the idea that the governor should be the corner stone of the new state; political responsibility is to be concentrated in his hands, for he has become primarily a law giver, not merely an administrator.

On the social side of American politics Mr. Croly has unfortunately little to say, but that little is very suggestive and interesting. His explanation of the evolution of the Republican party is one of the best things in the volume. In the author's opinion, the Republican party was the first American political organization that had a conception of the social functions of the state. It developed the idea of "economic nationalism" by using the power of the state, not only to protect property but to aid in its acquisition. For this reason, the Republicans passed homestead acts for the farmers, gave grants of land to the railroads and established a protective tariff for American industry. In practice, they revolutionized the American political system although the Constitution remained intact. Unfortunately the special interests got control of the party, and its original ideal of human welfare was lost in the service of corporate wealth. The Progressive party with its emphasis on "social justice" is therefore the legitimate child of the Republican party. The author believes that the organization of an uncompromising Progressive party became necessary because the old parties took up reforms only to neutralize them; and in Mr. Croly's opinion the new party "has done more to make the progressive idea count at its proper value in American public opinion . . . than has any other agency of progressive expression."

The author is greatly exercised over the philosophy of the Democratic party which he considers hopelessly eighteenth-century. He especially

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singles out for criticism the individualistic views expressed by President Wilson in his book on *The New Freedom*. Mr. Croly forgets that American statesmen have developed an extraordinary capacity for keeping their philosophy and their practice in two idea-tight compartments. Mr. Wilson's philosophy has not prevented him from going serenely along the path of "economic nationalism." The recent Trades Commission law, passed through his influence, together with the authority vested in Interstate Commerce Commission will in time subject all economic activities of the American people to public control. Both as governor and as president, Mr. Wilson has been an advocate of social legislation; and he is now reported to favor the nationalization of the telegraphs.

Mr. Croly has been a pioneer in the reconstruction of American political opinion. His books show originality as well as keen analysis. No man is better fitted to write the history of the Progressive party, and we sincerely hope that he will undertake the work.

J. SALWYN SCHAPIRO.

COLLEGE OF THE CITY OF NEW YORK.

Applied History. Edited by BENJAMIN F. SHAMBAUGH. State Historical Society, Iowa City, 1912. Volume I, xix, 638 pp.

A group of scholars associated with Professor Benjamin F. Shambaugh have set about applying the critical historical method to the study of the leading problems of Iowa politics, in the hope that they may use history "in working out a rational program of human progress in government and administration." The first fruits of their labors are now before us. Professor Shambaugh contributes a spirited introduction, justifying the use of history for practical purposes; and four collaborators present papers bearing specifically upon Iowa questions of public policy. Professor John E. Brindley of the Iowa State College writes on road legislation and tax administration; Professor E. H. Downey of the University of Wisconsin treats of the regulation of urban utilities and workmen's compensation; Professor Frank E. Horack of the Iowa State University deals with primary legislation; and Professor Henry J. Peterson of the Iowa Teachers' College covers the field of corrupt practices legislation.

Although all of the papers are included under the general head of "history," some of them are almost purely descriptive, for example, the essays on urban utilities and workmen's compensation; while others, such as the studies of tax administration, road legislation, and corrupt practices, rest upon broad historical foundations. Two or three of the

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papers are comparative in character and draw upon the experience of other states and countries. The collection is not dominated, therefore, by a uniform plan; but despite their differences in methods all of the essays have a distinctly practical ring that will make them acceptable to the man of affairs as well as to the student. Moreover, all of them present positive conclusions for consideration. Mr. Brindley lays down certain fundamental principles of road legislation which his researches reveal to be essential to sound policy; Mr. Downey closes his study of public utilities with a chapter of suggestions for their effective regulation; Mr. Horack, seeing no signs of return from the direct primary to the convention, sketches an outline of primary legislation based on the revealed strength and weakness of the system now in effect; and Mr. Peterson concludes his discussion of corrupt practices legislation with a program of reform based upon the experience of Iowa and other states.

The variety of the papers prevents any critical evaluation of them in a brief review, but it goes without saying that students of contemporary public policies will be grateful for these applications of "the new history." The historians, however, will doubtless complain that what we have here is not history, but politics and economics. The disposition of this abstract question may safely be left to the schoolmen. There will be enough contented with the results of the new method, whatever its name.

CHARLES A. BEARD.

Egypt in Transition. By SIDNEY LOW. New York, The Macmillan Company, 1914.—xxiv, 316 pp.

This is Mr. Sidney Low at his liveliest and, in parts, at his best. The same faculty of keen observation and generalization, the same power of penetration beneath the superficial to the essential, and the same epigrammatic style which delighted and instructed all readers of the *Governance of England* are displayed in the letters from Egypt and the Sudan which have been incorporated into this volume. The author has in a marked degree what Bagehot called "an experiencing nature." When he walks along a street he knows what is on that street; when he travels all his senses are active; and when he writes he produces impressionist literature of high merit.

Inverting the order followed by most writers who have described the Nile Valley, Mr. Low begins with the Sudan and works down the river to the Delta. Since the late Mr. Thomas Cook discovered Egypt as a delightful winter resort to the pleasure seekers of Europe and America, the cohorts of his clients have made the lower Nile fairly well known—

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at least superficially. But they rarely get beyond Assuan and the First Cataract. To most Englishmen and to substantially all Americans the Sudan is an unknown land. For this reason one is disposed to pronounce Mr. Low's account of it the most valuable part of his book.

The Sudan of today dates from the "reconquest" by Kitchener in 1898 and the establishment of the *Pax Britannica* after the fury and chaos wrought by the Khalifa and his followers. Its towns, railways, educational system, land system and government are all of the twentieth century. The modern Khartum is only fifteen years old. Port Sudan on the Red Sea, the "New Gate to Africa," is the terminal and creation of the Nile-Red-Sea Railway, which was opened in 1906. The makers of the new Sudan believe that this town will become the chief emporium of its commerce. "Port Sudan is waiting for the argosies of the world to discharge their cargoes on her quays." The government of the Sudan is "an anomaly within an anomaly." After the reconquest, it occurred to Lord Cromer, then British consul-general and agent in Cairo, informal "adviser" of the Khedive but real ruler of Egypt, that the Sudan might be organized as a *condominium* under the joint administration of Great Britain and Egypt. Lord Salisbury, the British prime minister, approved the proposal, and there suddenly came into existence "a hybrid state of a nature eminently calculated to shock the susceptibilities of international jurists." The union jack and the Egyptian crescent were hoisted together at Khartum in 1899 and the illogical compromise has been working in true British fashion ever since. The government is vested in a governor-general, who is also the sirdar or commander-in-chief of the Egyptian army. He is nominally responsible to the khedive and the British government, "actually responsible to nobody, unless it it be the British agent in Cairo, who is in theory one of the foreign consuls-general, and in reality the representative of the British government, which controls the government of Egypt." Thus the two partners in the administration of the Sudan are equal only in theory; for in practice the khedivial government is carried on in accordance with informal "advice" tendered to the nominal rulers of Egypt by resident British officials. "The truth is," says Mr. Low, sweeping aside the legal fiction, "that the Sudan is a vast territory, inhabited by African natives, administered by English officials, with the assistance of Egyptian subordinates, and defended by a force of Egyptian and Sudanese troops under English command." Progress in the Sudan has been more striking and rapid than in Egypt partly because British officials have not been hampered by the theory of native rule, and the baneful privileges secured to for-

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eign residents in Egypt by the "Capitulations." The Sudanese government is an interesting example of benevolent despotism. It is of necessity intensely paternal. "There was no room for *laissez-faire* among a people just released from an armed tyranny and theocracy, who looked to the new administration for the first requisites of existence." So the new government perforce became "landowner, house-builder, purveyor of food and clothing, storekeeper, railway manager, importer, retail trader, agriculturist, and tourist agent." The new rulers of the Sudan have nipped millionaire landlordism in the bud. They welcome the bona-fide settler, but not the land speculator. It is their policy not to sell freeholds, but to grant leases for comparatively short terms. They think that the "unearned increment," especially in the case of urban property, should go to the state. The prime need of the Sudan is water, since the rainfall is insufficient for agriculture. But Lower Egypt has the first claim on the waters of the Nile, and not until the completion of irrigation works which will add to her supply will the Sudan be able to secure more of the water necessary to enlarge her cultivable area.

Though their subject-matter is better known, the chapters on Egypt are as well done as those on the Sudan. The anomalous system of "advice and inspection" which has guided and controlled the government of Egypt for the last generation is described in Mr. Low's best style. This strange experiment in imperial statecraft has worked better than might have been expected, but it has serious defects. The author discusses the possibility and desirability of abandoning the theory that the British occupation is "temporary," and establishing a British protectorate, but concludes that "we owe it to ourselves, and to the pledges we have made to the world, to maintain the present system unless it is rendered clearly intolerable by causes which affect the British empire and its relations to other powers more than Egypt itself." Since the publication of this book these "causes" have arisen from the activities of Turkey in the present war. The shadowy suzerainty of the Sultan over Egypt has been terminated and a British protectorate formally proclaimed.

When the Anglo-Saxon undertakes to justify despotism, be it benevolent or otherwise, he pays the price of his birthright; he is never quite at his ease. As a good British imperialist Mr. Low professes to see little but "yeasty fermentation" in the agitation of the Egyptian Nationalists. Yet he cannot wholly condemn them, for he admits that "it is hard for any class of men, especially for men who are young, ambitious, high-spirited, to be governed—though it be for their own

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good—by those who are alien from them in religion, race and sentiment." On the whole one may agree with the author that the British occupation of Egypt has been the most honorable episode in recent British history, and yet not much wonder that the English are not popular in Egypt.

R. L. SCHUYLER.

The Cyclopedia of American Government. Edited by ANDREW C. MCLAUGHLIN and ALBERT BUSHNELL HART. New York, D. Appleton and Company, 1914. Three volumes.—xxxiii, 732, 773, 785 pp.

It is more than twenty years since Lalor's *Cyclopædia* came from the press; and in that time not only has the value of its articles naturally declined, but interest in government has shifted more and more to the practical side. Owing to the mass of recent literature and the changes which have gradually manifested themselves in our political life, the need of a new and compact work of reference on American government is evident. Professor McLaughlin and Professor Hart have attempted to meet this need in a way which will probably give general satisfaction. Government is viewed by them in its comprehensive sense, as embracing not only political and economic theory, historical development, international law and constitutional law, but also political practice; and quite properly the emphasis has been laid upon this last aspect. Even the theoretical expositions have been written so as to carry practical implications and to promote, as theory should, a clearer insight into the meaning of actual conditions. The mechanical apparatus and the arrangement of material will also give satisfaction. There are more than 120 maps and charts, numerous statistical tables, an exhaustive index covering some eighty pages, and under each article cross-references to cognate articles and a short bibliography. In settling the alphabetic arrangement of titles, however, the editors have not always been successful in following their avowed principle and using "the term which would naturally occur to the mind." Only a mind of peculiar prophetic vision would expect to find "Entangling Alliances" under "Entangling" or "Ratification of Treaties" under "Ratification." It must also be said that the plan of considering different phases of a subject in independent articles, while advantageous in most cases, has occasionally been carried too far. Thus there are articles on treaties, negotiation of treaties and ratification of treaties, written by different men and supplied with overlapping bibliographies; and, not without confusion to the reader, a

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separate treatment of corrupt practices acts and publicity of party expenditures.

In a work which embraces so many independent contributions and which attempts to furnish the latest information, some inaccuracies of statement, some defects in balance and proportion are certain to appear. In this case the task of the editors was all the more exacting because, owing to delay in publication, detailed corrections had to be made in many of the articles. A casual reading of the *Cyclopedia* will reveal lapses here and there. We are told, for instance, that Vermont still holds September elections (II, 569); that the speaker is "a member *ex officio* of the committee on rules" (II, 633); and that Professor Stimson wrote in 1893 a work on comparative administrative law (II, 92). In the bibliographies, titles and dates are not always given correctly. Although difference of opinion may naturally arise as to the space which should be allotted to various subjects, it is hard to justify the apportionment of one page to "Governor of the State" and almost six pages to "Commission System of City Government;" and it is equally hard to understand why any space whatever was conceded to "Ochlocracy." But though criticism may be offered on minor points, the volumes show generally the marks of careful and competent editorial supervision.

The editors have also shown good judgment in the selection of contributors, of whom there are more than two hundred and fifty. For the most part they are recognized authorities, leading specialists in their particular fields; and no better guides could be offered than North on census statistics, Johnson on the regulation of express rates, Goodnow on administrative law, Goodwin on the civil service, Moore on extradition, Dewey on financial policy or Whinery on street pavements. There are also some less competent guides, but the list of eminent contributors is a long one and likely to inspire a confidence which closer inspection of the *Cyclopedia* will do little to modify.

E. M. Sait.

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BOOK NOTES

In view of the political changes which have been going forward in the past decade Mr. Sidney Low has brought out a revised edition of *The Governance of England* (New York, G. P. Putnam's Sons, 1913; xl, 320 pp.). No important modifications have been made in the body of the text; as long as the future of the House of Lords and of Irish government remains unsettled it would be a thankless task to undertake a thorough-going revision. But Mr. Low, not wishing to have his book regarded as a mere "paper description," has provided in the introduction a suggestive analysis of existing tendencies. His conclusions with regard to the effects of the Parliament Act are especially deserving of attention. The power of the cabinet will be augmented, he tells us, not only by the restrictions placed upon the veto of the Lords, but indirectly also by the shortening of the parliamentary mandate. Circumstances no longer favor dissolutions at irregular intervals. "In the first and second years they will be avoided because the House of Commons is too near its cradle, in the third and fourth years because it is already drawing towards its grave"; and since three sessions are required to carry a measure which is opposed by the Lords, dissolution will be avoided while such measures are awaiting final passage. It follows that the cabinet will become more self-confident, less responsive to public opinion; for, as in France or the United States, appeal will be taken to the constituencies at fixed intervals. That Mr. Low has no enthusiasm for the proposal to create an elective upper house is natural enough. It would be either too strong to permit of the proper functioning of cabinet responsibility or too weak to attract men of experience and capacity. He asks whether the House of Lords, limited by the Parliament Act, but "still retaining much of its historic tradition and its association with the territorial and industrial aristocracy, might not be in reality more influential than a new-minted and miscellaneous assembly, with larger nominal powers, but with no roots in the past, and no definite relation towards any great permanent element in our social organism." He speaks of another alternative, single-chamber government, evidently with approval, but believes that such a system should be accompanied by the referendum "or some other machinery for ascertaining the popular will when ministers were unwilling to submit to a general election." Equally instructive are the comments upon the position of

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the prime minister. Through his connection with the Imperial Conference and the Committee of Imperial Defence he is assuming duties to which the principle of collective ministerial responsibility cannot conveniently be applied. Mr. Low believes that "we may expect a more definite recognition of the prime minister's status as imperial chancellor and perhaps eventually the separation of that function from the presidency of the British ministry and the leadership of the British parliamentary majority."

Le Gouvernement Représentatif Fédéral dans la République Argentine (Paris, Libraire Hachette et Cie., 1912; 380 pp.) by José Nicolás Matienzo, Professor in Public Law in the Universities of Buenos Ayres and La Plata, is a volume written to comply with the recommendation, embodied in a resolution of the Pan-American Scientific Congress held at Santiago de Chile in 1908, that the universities of the American republics make studies of the political institutions of their countries. This work, in a comparatively brief compass, presents a clear description of the workings of the Argentine government. The federal system as applied in Argentina is described, as well as the party organization and the theory of the constitution. Chapters are devoted to the executive, legislative and judicial departments, to the provincial administration, and to the relations between the central government and the provinces. The appendices contain the text of the constitution of 1853 and its amendments, which are now in force.

Professor J. A. Woodburn's *Political Parties and Party Problems in the United States*, which first appeared in 1903, has been reissued in a revised and enlarged form (New York, G. P. Putnam's Sons, 1914; xiii, 487 pp.). The new volume is half again as large as its predecessor, the increased size being due to the inclusion of new chapters on the recent history of parties and on direct legislation as well as to the fuller consideration given to primary reform and the origins of the Republican party. The curious and somewhat confusing arrangement of the subject-matter remains as it was; the convention appears in part ii as a piece of political machinery and the primary in part iii as an "ethical problem." The bibliographies leave much to be desired. For example, references are made to Dallinger, Harvard Historical Publications (no title, no date); to Peck's *Twenty-five Years of the Republic;* to the *Proceedings of the Academy of Political Science* (no date). At least three different titles are given to the *Cyclopedia of American Government.* In numerous cases where the value of a book depends upon the time of its publication no date is given. The author has been to some pains in bringing his information abreast of recent changes; in that he

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has been fairly successful. But on occasion—and especially in the chapters which deal with the primary and with the initiative, referendum and recall—his statements are sometimes obscure and even inaccurate. His description of the proceedings on primary day—evidently meant to be considered as general in its application—is not an extreme case.

> He will be asked in which party primary he wishes to participate, in order that a party ballot may be furnished him. If excessive independence or reticence prevents his stating his party affiliation, and he still desires to vote in the primary, he may be given one of each of the tickets fastened together; he retires to the booth, marks the one he desires, presumably the one of his own party, folds them together and deposits them in the ballot-box. If he votes on more than one ticket, only that one is counted containing the largest number of offices voted for. If the same number of names is marked on each, both are thrown out, thus preventing the nomination of weak candidates by voters of the opposite party.

Of course, Professor Woodburn knows that there are "closed" primaries and "open" primaries, that the provisions of law vary a good deal among the different states; but generalizations like the one quoted will certainly mislead those who have just begun to investigate our political practice. It should be observed, however, that defects of this kind occur chiefly in the latter part of the volume and that they do not obtrude themselves frequently enough seriously to impair the value of a text-book which so many students have found useful in the past.

In his interesting little volume on *Unpopular Government in the United States* (Chicago, University of Chicago Press, 1914; viii, 263 pp.) Professor Albert M. Kales traces the chief evils of "invisible" government to the overpowering burden which our political system places on the electorate. He then examines the various devices designed to secure responsibility and efficiency in the government, such as the direct primary, commission government, the union of the executive and the legislature, the single chamber plan, the initiative, referendum and recall, and the simplification of state government. The real remedy for unpopular government by party manipulators, according to Professor Kales, is to be found in the political philosophy of the short ballot and the sound practice under it. Though the volume presents little new to one who has kept abreast of recent literature of this character, the general survey which it gives and the fresh illustrations which adorn it make it worthy of serious consideration.

Professor Emery's *Politician, Party, and People* (New Haven, Yale University Press, 1913; 183 pp.) is a series of sober and thoughtful

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lectures addressed to the senior class of the Sheffield Scientific School of Yale University, on the duties and opportunities of citizenship. The topics are: the voter and the facts, the voter and the party, the voter and his representative, the representative and his constituency and the representative and his party. All the important problems of political ethics which confront the young voter are treated in a catholic spirit and with close reference to practical considerations.

The high standard of the three previous volumes is maintained in the 1913 *American Year Book* (New York, D. Appleton and Company, 1914; xx, 892 pp.). Considerably more than half of the volume is concerned with subjects of primary interest to students of the social sciences. Moreover, the topics have been selected with discretion and treated with satisfactory fulness. The arrangement is convenient and the volume succeeds admirably in its primary purpose to supply the need "of students in all fields, who wish a record of progress, not only in their own, but in other departments of human endeavor."

Viscount Morley has published, in an expanded form, an address given before the University of Manchester, under the title *Notes on Politics and History* (New York, The Macmillan Company, 1914; 201 pp.). In the introductory note Lord Morley expresses the hope that these notes may "not be too dispersive to prevent some points of thought from being of use in the way of suggestion, interrogatory, and perhaps as a spur to curiosity." This hope will not be disappointed, for the little book bears the stamp of that thoughtful observer of past and present whose *obiter dicta* are philosophical in the nature of things. But the reader who expects to find Morley at his best here will be disappointed. The book is poorly put together, in fact the text even drags itself rather wearily along as if the author were losing interest in the drama of history in which he himself has played so fine a rôle.

The eighth volume of Professor McMaster's justly celebrated *History of the United States* (New York, D. Appleton and Company, 1913; xix, 556 pp.) covers the period from the Great Compromise to the Civil War. The general plan of the work, that of giving a balanced view of social and economic matters as well as of politics, is carried out in this last instalment and the method of treatment is identical with that of the previous volumes. Comment upon an undertaking so widely known and so highly esteemed is a work of supererogation.

People read about Lincoln with a weird sense of the supernatural, of something apart from human affairs. They think of another Man of Sorrows, and the journey from the manger to the cross, the crime of Cain, the trans-

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lation of Elijah. Nothing in human biography stirs the imagination like this. The man of history is already become a man of fable, and in some distant day learned doctors will dispute whether Abraham Lincoln was a real character or a hero of tradition, belonging in limbo with Romulus and King Arthur.

The foregoing is a characteristic paragraph taken at random from Albert E. Pillsbury's *Lincoln and Slavery* (Boston, Houghton Mifflin Company, 1913; 97 pp.). In this semi-mystical style the author undertakes to reverse the judgment of most students of Lincoln's career that the prime motive back of all his actions during his presidency, was preservation of the Union. By showing that Lincoln hated slavery (an easy task) Mr. Pillsbury convinces himself and strives to convince his readers that the idea paramount in Lincoln's mind was emancipation, and that he hardly would have taken the trouble to save the Union unless in so doing slavery should be destroyed. In justice to the author it must be said that he makes a rather strong case in defence of his point of view, but the words of Lincoln to Horace Greeley, in the famous letter of August 22, 1862—"If I could save the Union without freeing any slave, I would do it"—are hard to explain away. (An attempt to do so is found on page 66 ff.) It is also fair to the author to quote from his book what would probably be his reply to this note: "Those who point to the Greeley letter, or to other fancied evidences that Lincoln was willing to save slavery, are ignorant of the historical facts or too little to comprehend them."

Under the title *Thirty Years' Anglo-French Reminiscences, 1876–1906* (Boston, Houghton Mifflin Company, 1914; viii, 389 pp.) Sir Thomas Barclay tells the story of his share in the formation of the Triple Entente. The book is an interesting, but broken and rambling, autobiography, written by an English journalist and banker in Paris who had much to do in breaking down the mutual misunderstandings between French and English, and so laid the basis for the diplomacy of Edward VII. The services of Sir Thomas in this connection are well known—perhaps sufficiently well known that it would have been safe to leave the reader to gather their importance from other sources. The canons of good taste are not quite violated, and yet, for a diplomat, the author takes risks with his readers. A number of documents bearing upon the subject of the entente are given in the appendix, text of treaties etc. The book is both timely and interesting; but when one realizes the opportunities of the author, one wishes there had been more insight offered into the attitude of various political leaders in France, and a less limited view of the activities of others.

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In writing the *Life of Walter Bagehot* (Longmans, Green and Company, New York, 1914; viii, 478 pp.) Mrs. Russell Barrington has been greatly hampered, by the lack of correspondence. Very few letters either from or to Bagehot are included in the volume. Bagehot was in the habit of destroying all letters that came to him, and in the thirty-seven years that elapsed between his death and the appearance of his biography, almost all the men with whom he was associated, and who probably received letters from him, passed from the stage. There is no indication that Bagehot ever kept a diary. Failing these two sources of material, Mrs. Barrington has had to rely largely on her personal recollections of Bagehot, who was her brother-in-law, and the recollections of other people who knew him. Had the biographer been less closely associated with Bagehot during his lifetime, she would probably have drawn more on his published works. As it is, she takes it for granted that the reader has a close acquaintance with Bagehot's writings, and she neither attempts to describe or to criticise his work, or to give an estimate of his place among English writers on political science. There is a good deal in the book about *The Economist* and about Bagehot's connection with this Journal, and with the *National Review;* but practically the only critical estimates of his contribution to constitutional history and finance are in the form of quotations—chiefly from articles by President Wilson. The personal equation of the writer is shown in the space and prominence given to the work of her father, Rt. Hon. James Wilson, in Indian finance—a work with which Bagehot had little connection. The chapters on this subject are full and carefully written. They contain letters to and from Wilson, while he was engaged in the tremendous task of rescuing India from bankruptcy and putting her government on a stable financial basis after the Indian Mutiny. These letters form a distinct contribution to the history of the British Empire. But Mrs. Barrington's volume, as a life of Walter Bagehot, has a value that is personal and human rather than historical or critical.

An interesting volume of the Home University Library is *The Colonial Period* (New York, Henry Holt and Company, 1912; 256 pp.) by Professor Charles M. Andrews of Yale University. This brief account of English colonial history attempts to lay due emphasis upon the three factors, "the mother country, the colonies and the relations between them," the first and the last of which have usually been neglected by historians. Chapters are devoted to the English settlements along the whole Atlantic seaboard, political and economic conditions, imperial administration, the struggle of the colonies for self-control and the attempts to secure colonial union.

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A valuable contribution to the history of France is the exhaustive work by Dr. Edward Esmonin upon *La Taille en Normandie au Temps de Colbert* (Paris, Hachette, 1913; xxx, 552 pp.). The financial history of the old régime in France is of the utmost importance, not only for the understanding of the statecraft of Louis XIV, but also for the data of the Revolution. Much has been written about it since the day of Gomel, and the *taille* is a word to conjure with in our school manuals; but its exact extent and method of levy have been little understood. Dr. Esmonin's masterful study is in line with those intensive surveys of more limited fields which the younger group of historians are now offering us, drawn from local rather than national records. The field covered here is especially rich; and the author, who has spent some ten years of strenuous research upon his work, has furnished us with a permanent contribution to knowledge. Dr. Esmonin was secretary to Lavisse and was partially responsible for the treatment of this period in the great *Histoire de France*.

An extremely useful *Source Book for Ancient Church History* (New York, Charles Scribner's Sons, 1913; xxi, 707 pp.) has been prepared by Professor J. C. Ayer of the Protestant Episcopal Divinity School in Philadelphia. It covers the period from the Apostolic Age to the close of the conciliar period at the end of the eighth century. Dr. Ayer furnishes many new translations, selected with much discrimination and care, and embedded in helpful editorial articles. The printer has not done his part of the work so well, for it is rather hard to detect by the eye the part of the page which is given up to editorial matter as distinct from the text. The arrangement, too, seems somewhat open to question; the plan is rather elaborate, which means that it is not very flexible.

Among the books called out by the war one of the best is the historical analysis of the background of the events of 1914 stated by Professor Ramsey Muir of the University of Manchester under the rather compromising title of *Britain's Case Against Germany* (New York, Longmans, Green and Company, 1914; ix, 196 pp.). The book contains a soberly conceived statement and a broad historical survey of the differing aims and tendencies which have marked German and English policies, not only since the recent commercial rivalry has accentuated these differences, but throughout the past. There are only a few places where fact seems twisted, the most notable being the assertion that France had done nothing in Morocco to justify German protests. The apology for Britain lies rather in the judgments pronounced upon the facts. Upon the whole the book will serve to inform the English upon the issues at stake as well as to confirm them in their faith.

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Two lectures, "Turkey and the Balkan States" and "The War between the Allies," delivered by President Schurman of Cornell as the Stafford Little Lectures at Princeton University during the last academic year make up a little volume entitled *The Balkan Wars, 1912–1913* (Princeton, Princeton University Press, 1914; 140 pp.). As American Minister to Greece during the Balkan crisis the author enjoyed exceptional facilities for first-hand study of the subjects, and was thrown into personal contact with several of the leading Balkan statesmen. If the lectures give little evidence of original research or of a truly comprehensive grasp of the exceedingly complicated politics of southeastern Europe, they are at any rate a straightforward account of an interesting and important subject. The author makes clear that the disappearance for several centuries of Servian and Bulgarian nationality was not due solely, or perhaps even mainly, to the political domination of the Turks. It was largely the result of Greek ecclesiastical control. Over all of the Orthodox Christians of the Balkans the Patriarch of Constantinople exercised ecclesiastical jurisdiction down to 1870, and Greek religious, linguistic and cultural supremacy went hand in hand with Turkish sovereignty. The progress of the disintegration of the Ottoman Empire in the nineteenth century is the story of the reawakening of national life long dormant under the dead weight of Turkish political domination and Greek ecclesiasticism. Dr. Schurman shows the suspicion and jealousy between the Balkan states in their recent conflicts with Turkey and with one another. He explains the elements of weakness in the "settlement" attempted by the Treaty of Bucharest. Now that the Balkan Question has been thrown into the melting pot of a world war the future of the Balkan states cannot be predicted, but it is safe to say that they will not be permitted to settle their problems free from outside interference.

Treitschke, His Doctrine of German Destiny and of International Relations, together with a Study af his Life and Work by Adolf Hausrath (New York, G. P. Putnam's Sons, 1914; ix, 332 pp.) is the rather quaint form of the title given to a short biography of the historian and a translation of some eight chapters from the more vital sections of his works on politics and international law. The volume is not a very successful one, for Hausrath wrote in such an intimate way of his old colleague and friend, with so much personal gossip of other colleagues and references to political leaders in the early days of the Empire, that the average American reader can make but little out of it. Editorial notes would have improved the book, even if they were confined to explaining the attitude of the various political groups. But in any case

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the translation should have been done with more care and competence. What is meant by the statement that "then took place the defection of Lasker and the Progressive party, which the Catholic faction attempted to engineer for the elections, and which willingly left the odium of civilization—a name invented by Virchow for the glory of Falk—to the National Liberals" (page 95)? Such Germanisms of the dictionary run through the essay, and in places the punctuation accentuates their obscurities. However, we are grateful for the texts which follow, which are in better shape. It is to be hoped that this part of the book will be widely read, to dispose of many current misconceptions.

In *The Modernizing of the Orient* (New York, McBride, Nast and Company, 1914; 353 pp.) Clayton Sedgwick Cooper presents a series of entertaining sketches about the processes at work in northern Africa, India, Burma, China, the Philippines and Japan, which show how the spirit and achievements of the Occident are helping to modify the conditions of life and thought in the other half of the world. It is based, apparently, on observations derived from two journeys thither. Agreeably written, aptly illustrated and stressing the old as well as the new, the characteristic as well as the imported or adapted, the book supplies a very readable account, neither profound nor yet superficial. The last chapter, which suggests an acquaintance with Townsend's well-known treatise, points out correctly enough that, while the Occident may give aid, through example at least, it can never modernize the Orient. This the Orient can do only by itself, and the indications are that it will do so within its own needs.

The Conquest of the Tropics (New York, Doubleday, Page and Company, 1914: xii, 368 pp.) by Frederick U. Adams, is the "first of a series planned to describe certain big businesses whose histories and operations concern and should interest the public." This particular volume deals with the United Fruit Company, and is a defence of its benevolent and non-monopolistic character. A general account of the banana industry and its history is given, and then the rise and development of the United Fruit Company, the big business of the banana trade, is described in detail. Its disasters and losses and the fact that it has not raised prices are chronicled as proof of the main thesis; but at the same time there is adduced the evidence that dividends have never been less that seven per cent. The legal incorporation in 1899 of the United Fruit Company was the "actual birth of the banana industry"; all prior efforts were in the way of speculation and experiment, lacking in the organization necessary for marketing so perishable a product. Much is said of the "Great White Fleet" of the Company, which is

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not "excelled in comfort, luxury and safety"; and finally the United Fruit Company is proposed for the Nobel Peace Prize.

Dr. George F. Kenngott's *The Record of a City* (New York, The Macmillan Company, 1912; xiv, 257 pp.) is a statistical and social survey of the city of Lowell, Massachusetts. The topics covered are: the population, housing of the mill operatives, health, standard of living, industrial conditions, social institutions of public welfare, and recreation. Though containing much valuable material on the life and problems of a modern industrial city, this survey does not rank for exhaustiveness or scientific precision with such a work as Rowntree's study of York, England, or with the volumes of the Pittsburgh Survey. Nevertheless it is a welcome contribution to a literature that is altogether too small.

A survey of the San Francisco relief work appeared in 1913, somewhat over seven years after the great earthquake and fire which destroyed a considerable section of the city. It was first hastily printed on sheets in a crude form that it might serve as a guide and a text for persons connected with the relief work then going on in the Middle West. The studies, after reëditing and some polishing, were put into an extensive volume under the title of *San Francisco Relief Survey*. (New York, Survey Associates, Inc. 1913; xxvi, 484 pp., map and plates.) The book is furnished with many fine illustrations, clear diagrams, charts and maps. Its six parts are entitled respectively: Organizing the Force and Emergency Methods; Rehabilitation; Business Rehabilitation; Housing Rehabilitation; Relief Work of the Associated Charities; The Residuum of Relief—The Aged, The Infirm, and The Handicapped. The volume appears under the auspices of the Russell Sage Foundation and is concerned with relief from the standpoint of the National Red Cross, the Associated Charities and others closely affiliated with the Sage Foundation. The relief afforded under the direction of military, the state and religious or other private bodies is in general referred to only as aiding (or interfering with) the work which receives the principal consideration.

Economics in the Secondary School (Boston, Houghton Mifflin Company, 1914; vi, 93 pp.) by John Haynes, is one of the series of Riverside Educational Monographs edited by Professor Suzzallo. It covers about the same ground as Clow's *Economics as a School Study*, published in 1899, trying to show the importance of economics as a secondary school subject, its relation to other subjects, its present status in the schools and the best methods of teaching it. An outline of a course in economics and a bibliography are added.

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Scott Nearing's fluent pen has of late years obtained a wide audience, particularly in a part of the population with firm convictions on social questions. His *Social Adjustment* (New York, The Macmillan Company, 1911; xvii, 377 pp.) is an able essay displaying great faith in environment and the facility with which environment may be altered. In the foreword to the book the author enumerates the seven points which he wishes to make. (1) Maladjustment, often virulent maladjustment, of humans to their environment exists in many parts of the United States. (2) The maladjustment has economic causes "remediable through social action." (3) Education and wise legislation are the remedies. (4) "The vast majority of children are born normal and are made abnormal, degenerate, and diseased by their defective environment." (5) Genius appears in every class in the community, and in about the same relative proportions. (6) Progress is impossible "so long as society condemns men" for their father's transgressions, but lets brothers go. (7) "Promulgation of the new view [!] of the universality of human capacity, the remediability of maladjustment and the advantages of universalized opportunity," will eventually eliminate maladjustment. Serious consideration of these points is not necessary, as the book is an essay, not a text or a scholarly work. Point 4, however, is peculiarly unfortunate because of its statement that the vast majority of children became abnormal, degenerate and diseased. As it is here worded it can hardly fail to offend, if not disgust.

Social Religion, also by Scott Nearing, (New York, The Macmillan Company, 1913; xx, 227 pp.) bears the sub-title "An Interpretation of Christianity in Terms of Modern Life." It is depressing in its view of humanity, full of startling adjectives and rhetorical subterfuges to bring man to a sense of his inherent weakness and evil. "The wretched gamble for pennies; the wellfed for forests, mines, dignities, offices." The assumption is made that it is evil to gamble. The book though well written, is disagreeable with its monotonous one-sided portrayal of the "truth." It proposes the remedy: social religion.

A third book by Dr. Nearing, *Financing the Wage-Earner's Family* (New York, B. W. Huebsch, 1913, 177 pp.) is of a different character. Compiled largely from federal and state reports, it bears the subtitle "A Survey of the Facts Bearing on Income and Expenditures in the Families of American Wage-Earners." The book is in fact a brief essay in statistics, with five chapters and an appendix. The workingman's problem in financing his family is clearly put. Chapter ii deals with what may be considered a satisfactory standard of living. Chapter iii takes up "The Cost of a Standard of Living." Chapter iv compares

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income received by working men with the amount families must spend. The last chapter summarizes the whole problem of meeting expenses with the income which a workingman can obtain. The appendix contains some individual family budgets. One or two brave assumptions are made regarding the applicability of the statistics to others than those specifically dealt with. On the whole, however, the volume is a readable review of certain statistical sources (to which ample reference is made). In addition, it contains masses of facts which, however mute, are in their way far more powerful arguments than are the adjectives and paraded facts of *Social Adjustment* and *Social Religion*.

The recent agitation of the land question in England has led Sir Thomas P. Whittaker, M. P., to undertake a comprehensive investigation of the whole problem under the title of *The Ownership, Tenure and Taxation of Land* (London, Macmillan and Company, 1914; xxx, 574 pp.). As the author says in the preface, the book is not intended as a work of original research, but is simply an endeavor to bring together such statistical and historical information as is available, and to discuss it in a common-sense way. He takes up, in particular, problems of the origin of private property in land, the history of land tenure and of enclosures, and the taxation of land values. As might be expected, he is fundamentally opposed to most of the extreme propositions of which we hear so much nowadays, but he shows his fairness by suggesting a limited additional rate on land values for local purposes. While his arguments are not always convincing, many of his discussions are apt and valuable, and the book can be read with profit by all those who are interested in the practical aspects of land reform and land taxation.

The Land and the Commonwealth (London, P. S. King and Son, 1913; xiii, 314 pp.), by T. E. Marks, deals with the problem which for some years has been vexing the British mind. Americans have heard much of late of the land policies of Mr. Lloyd George. As Mr. J. Hugh Edwards, M. P., who wrote the introduction to this book, puts it, "The problem has alternately scared and baffled successive generations of British statesmen." Further, he says, "Great as is Mr. Lloyd George's record in the domain of legislative and administrative achievements, it is not too much to say that in no direction has his genius for constructive statesmanship displayed such radiance as in his recent campaign over the land question." But the author does not hold a brief for Mr. George and his policies. He treats his subject from no narrow viewpoint. His book "concerns the foundations" of the land question.

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It locates the vulnerable spots in the ramparts of the system of land tenure. It delves down into the economic basis of the whole question, and, with a resourcefulness of statistical and argumentative force, shatters the ramparts which have so long sheltered monopoly and oppression. Mr. Marks brings to his task an opulence of information and a mastery of detail which are reflected on every page. The work may be justly described as one that is absolutely indispensable to any politician or reformer—be his politics what they may—who desires to master in all its intricacies a question which is now becoming the dominant issue in British politics.

Thus writes Mr. Edwards in his introduction, and this statement is fully justified. A careful reading shows that the writer has been fair to all sides, brilliant in his presentation, full in his details, and judicial in his interpretation of facts. So far as England is concerned, the book is timely; for the American student and legislator, it has many valuable lessons to teach.

A Pilgrimage of British Farming (New York, E. P. Dutton and Company, 1913; xiii, 452 pp.) by A. D. Hall, is an account of a journey undertaken by the former director of the Rothamstead Experimental Station, finally occupying three summers (1910-12), with the purpose of seeing what is the actual state of British agriculture at present. It gives a detailed statement of the crops grown and the methods used over the whole of Great Britain and Ireland, touching upon such problems as small holdings, systems of tenure, coöperation, and the like.

Mr. R. H. Rew, who is an assistant secretary to the board of agriculture, has collected in a volume entitled *A Agricultural Faggot* (London P. S. King and Son, 1913; xi, 187 pp.) ten essays published at various times during the past twenty-five years. There are excellent historical chapters, and the book contains not a little discussion of problems of current interest — migration of agricultural laborers, combination and coöperation, and Britain's dependence on foreign food.

Those who are interested in knowing about the trade conditions of Latin America will find *South and Central American Trade Conditions of To-day* (New York, Dodd, Mead and Company, 1914; xiv, 255 pp.) by A. Hyatt Verrill, a very serviceable handbook. The first half of the volume gives a brief account of the Latin-American trade conditions and the customs of the business world there, shows the weaknesses of the system hitherto used by the United States to secure a share in this trade, and points out the means to be employed in the development of our Latin-American commerce. The latter half contains statistics of both the import and export trade of each of the republics, with an indication of the articles of trade and the valuation of the same for the

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latest year for which figures are available, together with the railway mileage, information regarding ocean transportation from the United States ports, and other useful data. There are included a series of diagrams representing the division of the trade of each of the Latin-American countries among the nations of the world. The book is useful for the general student as well as for the merchant and exporter.

Mr. B. Olney Hough, in *Ocean Traffic and Trade* (Chicago, LaSalle Extension University, 1914; vi, 432 pp. with map) describes existing ocean traffic in all its phases. He discusses carriers, ports and terminal facilities in the United States, routes, methods of shipping, insurance, combinations in ocean traffic, methods of getting foreign business and dozens of other topics. The book is illustrated and contains reproductions of large numbers of shipping documents. While it does not deal at all in theory, it will be found useful by anyone who wants a knowledge of how traffic and trade by water is actually carried on.

Turgot occupies the enviable distinction of being not only the greatest economist but in some important respects the greatest statesman that France has produced. Students of his economic writings have had to depend upon the two-volume edition of Daire, published over half a century ago, and the somewhat longer edition that was issued by Dupont de Nemours in 1808. In the interval many additional sources of information have become available. M. Gustave Schelle, who is well known by some earlier brief books on Turgot, has had the fortune to be able to utilize all the family papers of Turgot preserved in the castle of Lantheuil, and has also secured from Senator Dupont of Maryland the entire correspondence that Turgot carried on with his ancestor, Dupont de Nemours. These, together with a number of other finds, were so numerous, and the documents published in the earlier editions were so inaccurate, that M. Schelle conceived the idea of publishing a complete edition of Turgot's works with notes. The first two volumes of this edition have appeared under the title of *Oeuvres de Turgot et Documents le concernant* (Paris, Félix Alcan, 1913, 1914; two volumes, ii, 682, 719 pp.). The first volume deals with the period up to 1761, the second volume with part of his governorship of Limoges from 1761 to 1767. The third volume is to deal with the remainder of the Limoges period, the fourth and fifth volumes are to deal with his ministry. M. Schelle has done his work with great care and has utilized the convenient device of marking with a double asterisk all new material and with a single asterisk the old material which was more or less inaccurately presented by preceding editors. The publication of the correspondence would alone have warranted a new edition; but much

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of the subject material, especially on the problem of the single tax, is of the greatest interest. M. Schelle is to be congratulated upon furnishing what may well be declared to be the authoritative edition of the great Frenchman's works.

The lectures delivered by Professor Ashley at the Kolonial Institut at Hamburg in 1912 have been published in book form under the title of *The Economic Organisation of England* (London, Longmans, Green and Company, 1914; viii, 213 pp.) They give in succinct form and with Professor Ashley's customary literary skill a survey of English economic history on very broad outlines. Among the striking passages of the work are the following:

> By capital the business world has always meant—whatever the economists may have tried to mean—wealth which is owned and employed for the purpose of gain [page 69] . . . The industrial organisation of the future will probably emerge, as did that of the later Middle Ages, from a union of state regulation from above with spontaneous combination from below [page 172]. . . Society is feeling its way, with painful steps, toward a corporate organisation of industry on the side alike of employers and of employed—with the state . . . . alert and intelligent in the background to protect the interests of the community. The world has never yet had complete individualism; it will never, I believe, have complete socialism. It has to create a working compromise suited for each age [page 190].

The fiscal agitation in France has again centered about the problems of local as well as of state finance. In local finance the principal question has been the assessment of real estate. M. Arthur Girault, professor at the University of Poitiers, happened to be the mayor of a rural commune of seven hundred people and succeeded in obtaining the funds necessary for a new survey of real estate. His experiences led him to write a book entitled *La réfection du cadastre* (Paris, Librairie de la Société du Recueil Sirey, 1913; 213 pp.) which he dedicates to the mayors of all rural communities. As the French real-estate tax is still levied on the net produce of the land, the survey and valuation form a much more complicated matter than where the assessments are made, as in the United States, on the basis of selling value. The original survey according to the law of 1807 took almost fifty years to complete and a new survey was arranged for by the law of 1898, although the funds for the purpose are only grudgingly voted from year to year. Professor Girault considers the law of 1907 which provides for a valuation without a survey as essentially bad and in his interesting book shows in detail the necessity of equalization through a

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proper survey. He has, however, not much hope of a speedy accomplishment of the task.

The other side of fiscal reform is presented in a book entitled *La crise des finances publiques en France, en Angleterre, en Allemagne.* (Paris, Felix Alcan, 1914; 264 pp.) The authors are M. Landry, well known to students of economic theory and now a deputy, and Professor Nogaro of the law faculty of Caen. They point out that what is needed in France is not only a refashioning of the entire revenue system but also a reform of the budgetary system very much on the lines that are being made familiar in the United States by the bureaus of municipal research and the movement for efficiency and economy. This will come somewhat as a surprise to those who have always upheld French budgetary methods as more or less ideal. It shows that the movement for budgetary reform is coming to be a world movement. So far as revenue reform is concerned, the authors point out that the 800,000,000 additional francs needed to balance the budget are to come in almost equal proportions on the one hand from an income and a property tax, and on the other hand from indirect taxes on drinks as well as from new fiscal monopolies. As the book was written before the present war, it is more than probable that the figures will have to be completely revised in order to meet the burdens which will ensue.

In a supplementary number of the *Zeitschrift für die gesamte Staatswissenschaft* Dr. Friedrich Harzendorf gives a survey of the history of the English income tax under the title *Die Einkommensteuer in England* (Tübingen, H. Laupp'schen Buchhandlung, 1914; vi, 202 pp.). For the earlier period he bases himself almost entirely upon the investigations of Mannes and for the later period he contents himself with the official reports and the parliamentary debates. His account of the development, while accurate, lacks the atmosphere that would have been given by a discussion of the contemporary literature. He seems to be entirely unacquainted with the most recent English and American writings on the subject.

The reaction against the present-day tendencies in economic thought in Germany is in full swing. Professor Ludwig Pohle of Frankfort takes up the subject in a vigorous polemic entitled *Die gegenwärtige Krisis in der deutschen Volkswirthschaftslehre* (Leipzig, A. Deichert, 1911; xiv, 136 pp.). Professor Pohle finds that ever since the formation of the *Verein für Sozialpolitik* the German economists have confused science with politics or rather have subordinated economic science to social policy, and his book is an energetic plea for a return to what he calls scientific ground. He deplores the fact that there is virtually no eco-

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nomic theory in Germany today and that the average university student receives from his lectures on economics little but ethical and political suggestions. That there is much truth in this can scarcely be denied. The book reminds us surprisingly of Cairnes's *The Character and Logical Method of Political Economy*, written over a generation ago, with the exception that while Cairnes was opposing the introduction of the new ideas, Pohle is championing a return to the old. Germany is at the present time undoubtedly less fortunate than other countries in that there is a virtual monopoly of economic research by a single school.

A somewhat less violent, and on the whole less able, work is *Die historische Schule der Wirtschaftswissenschaft* (Bern, von Stampfli et Cie., 1914; iv, 291 pp.) by Dr. Lifschitz, privatdozent at Bonn. Dr. Lifschitz deals with the subject historically and takes up in turn List, Roscher, Hildebrand, Knies, and Schmoller. He finds Knies the ablest of the historical economists but complains that they are self-contradictory and that they confuse teleology and natural law on the one hand and economic politics with economic theory on the other. Dr. Lifschitz shares the general views of Menger in his famous controversy with Schmoller, and demands a return to philosophy as the only solid foundation for the economics of the future.

In an exceedingly lucid and well written monograph Dr. P. Katzenelsohn makes an interesting contribution to the little-known fiscal history of Russia under the title of *Zur Entwicklungsgeschichte der Finanzen Russlands, 1560-1796*, (Berlin, Ebering, 1913; 125 pp.). The present instalment deals with the period from the sixteenth to the end of the eighteenth century and attempts to give only a broad survey of the general development. We shall look forward with interest to the succeeding instalments of what promises to be a valuable work.

The well known book of M. Tougan-Baranowsky on the historical evolution of modern socialism, which appeared in German a few years ago, has now been translated into French by Mr. Schapiro under the title of *L'Evolution historique du socialisme moderne* (Paris, Marcel Rivière et Cie., 1913; 247 pp.). Tougan's contribution is most interesting because it shows how one can virtually abandon all the scientific tenets of Marxism and still remain a socialist, even though he be one of the sentimental socialists upon whom Marx poured out the vials of his contempt. As the author tells us at the end of his book, socialism is bound to come because, independently of any scientific basis, socialism has its profound roots in the hearts of those who suffer and it is for them an ideal and a matter of faith. Accordingly the largest part of the book is devoted to the sketch of the ideal socialistic organization

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of society. Tougan has thus gone through the phase of scientific socialism to which the American party still seems to be addicted. His book will be all the more interesting as showing that socialism may survive even without science.

Professor Vandervelde, the well known Belgian socialist leader, discusses a much controverted topic in his new book entitled *La coopération neutre et la coopération socialiste* (Paris, Félix Alcan, 1913; 227 pp.). He takes up in successive chapters the history of the relations of coöperation and socialism and the present-day facts, and he then addresses himself to the problem as to whether the coöperation of the future is to be carried on by socialists or non-socialists. His solution is to be expected. Real coöperation is to be founded not on the principle of class collaboration but on the principle of class war, and the real coöperation which seems to him desirable is the coöperation of workers in their inevitable struggle against the capitalist. So far as coöperation remains neutral today, M. Vandervelde thinks it is only a tactical neutrality which must ultimately disappear.

Mr. Emil Davies, whose name has become familiar both as the author of several books on railway nationalization and as the writer of the money-market articles in *The New Statesman*, has collected a great mass of interesting and less familiar examples of government enterprises in *The Collectivist State in the Making* (London, G. Bell, 1914; 267 pp.). Mr. Davies takes no pains to conceal his sympathy with what he considers a world movement, and he does not refrain from rather broad generalizations; but the value of his book consists in the surprisingly large number of practical examples of so-called collectivism which he has been able to marshal from the uttermost ends of the earth.

A more restricted field is covered by George Herbert Perris in *The Industrial History of Modern England* (New York, Henry Holt and Company, 1914; 603 pp.). Beginning with the industrial revolution the author travels over more or less well-known fields; but he breaks comparatively new ground in the last half of his work, and especially in the chapters entitled The Liberal State, The Awakening, and The New Age. The book is well written and accurate. It contains seven appendices, largely statistical in character, and a good bibliography. It will prove to be a convenient manual for courses in modern economic history.

It has often been asserted that the proponents of "socialism" and of "individualism" respectively, in the senses in which those terms are commonly employed, would ultimately so modify their several systems that all would finally occupy common ground. In an interesting and

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suggestive booklet, *The Social Commonwealth* (New York, Lincoln Publishing Corporation, 1914; 189 pp.) Mr. Bernard Rosenblatt outlines a socio-economic organization of society which combines the competitive and the socialistic systems. As a solution of the labor problem he suggests a *voluntary* coöperative community to which the individual might turn and obtain a minimum wage fixed by public authority. As a substitute for the single tax, which, with its program of virtual confiscation could hardly be acceptable to one trained in the law, Mr. Rosenblatt offers a plan of expropriation with compensation. Such expropriation should not, he believes, be extended to include agricultural lands. The monopoly problem, Mr. Rosenblatt believes, could be successfully handled by public competition through the agency of such governmental bodies as were most advantageously situated for such competition. Natural monopolies would of course be completely taken over by the public. Incidental elements in Mr. Rosenblatt's program are full and free education, a public medical service and public trial lawyers for the defence as well as for the prosecution. Mr. Rosenblatt discusses his proposals in some detail and with commendable enthusiasm. He would probably be the last one to maintain that his several suggestions are beyond attack. It is enough to say that with splendid idealism he has tried to find a solution for the vexing economic problems of the day. There is hope for the society that can command such helpful service.

In a compact volume bearing the title *Where and Why Public Ownership has Failed* (New York, The Macmillan Company, 1914; xiii, 459 pp.) M. Yves Guyot has set about the task of showing "the vanity and 'bluff' of Socialist programs," to use his own phrase. He has carefully raked over the figures of municipal and state enterprises in Australia, Belgium, Germany, Italy, Great Britain, Switzerland, Russia and the United States for evidences of failure and loss. He has found plenty of "horrible examples" as well as minor lapses, and these he brings together without discrimination or scientific evaluation. Any stray newspaper account or *ex parte* statement that suits his purpose, he uses as if it were a wholly authoritative analysis by someone competent to make it. The idea that the state should be a model employer is odious to M. Guyot, for it is simply "a robbery of the whole body of taxpayers for the sake of the minority who will profit by it." Hygiene, sanitation, conservation, are only new forms of the old cry *salus populi*, "which has served to justify all the tyrannies of the ages." Anyone who has labored over the three bulky volumes of the report of the National Civic Federation on municipal ownership in Great Britain in a vain

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endeavor to discover the truth about public operation in that somewhat narrow field will appreciate the value of M. Guyot's attempt to dispose of state and local enterprises all over the world in a summary fashion, particularly in view of the avowed spirit in which the task is undertaken. Except to the partisan who cares nothing about accuracy and self-respect and to the optimistic socialist who thinks anything the state does is necessarily good, the book is useless.

In the days when Pepys buried his savings in his garden, investment in the modern sense was virtually unknown. In the interim, however, times have changed. Today the investment field is so broad, the possibilities of profit—and of loss—are so numerous that the uninitiated investor needs the services of a professional guide if he is not to pay too dearly for his experience. In some directions, however, investment has become a science, and certain general principles have been worked out which have enabled the novice, in gauging an investment, to understand and to apply tests of his own. Two books have recently appeared which undertake to expound these principles for the investor, and which aim at the same time to supply him with as broad a view as possible of all the factors that affect the promise and security of the different investment possibilities. One of these books is Professor E. S. Mead's *The Careful Investor* (Philadelphia and London, J. B. Lippincott Company, 1914; 290 pp.). The other is Franklin Escher's *Practical Investing* (New York, Bankers Publishing Company, 1914; 177 pp.). Professor Mead's book has twenty-four chapters as against fourteen in Mr. Escher's. Both authors of necessity treat certain common topics, like the influence of the gold supply, the movement of prices, the nature and character of different investment securities etc. While Mr. Escher always feels himself in the capacity of one leading and helping a given individual, Professor Mead discusses the situation in general, leaving each individual to observe and select according to his own judgment and conclusions. Both books will prove instructive and helpful for those who, for practical purposes, need the kind of instruction that the books contain. The student to whom investment is simply a socio-economic phenomenon, however, may not find so much of value.

Bender's *War Revenue Law* (Albany, Mathew Bender and Company, 1914; xxviii, 181) is a treatise prepared "by the publisher's editorial staff" dealing with the federal act passed in October, 1914, to meet the anticipated deficiency in tariff collections. The text of the act is printed in full and each group of sections dealing with a particular phase of the law is followed by historical notes and references to decisions. Nearly

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one-fourth of the volume is taken up with indexes, tables of cases and bibliographical lists, which add materially to the usefulness of the book.

Taxation in Massachusetts (Boston, The Financial Publishing Company, 1913; xiv, 826 pp.) by Philip Nichols is a book of reference equally valuable to the lawyer and layman. To the lawyer it affords a compendium of practically all the law on the subject. In each section the present statutory provisions relating to the subject considered are given in full, together with references to former provisions. Some twelve hundred decisions of the courts of the state and of the United States are cited, many of them more than once. An especially valuable feature of the book are the author's brief abstracts of the majority of the cases cited, thus showing at a glance which cases are pertinent to the particular question under investigation. Another feature of not a little value to the lawyer working on a problem in the law of taxation is the rather full consideration given to the history and development of the tax laws of the state; for not only does it frequently become necessary to know just what the law was at a given time in the past, but such knowledge is often essential to an intelligent comprehension of the present law. A large number of forms are given in the appendix, each of which has a reference to the particular section of the text to which it relates. The volume is not only a satisfactory book for the practitioner, but it will serve as well as an excellent handbook for city and county assessors and collectors. Its use by the layman is facilitated by its avoidance of unnecessary and technical legal terminology. Even the lawyer may welcome a book written in simple terms.

In *Le Crédit industriel et commercial* (Paris, H. Dunod and E. Pinat, 1914; 313 pp.) Professor Adolphe Landry discusses in the main the shortcomings of the French credit system and the proposals that have been advanced to meet them. These shortcomings fall largely in the field of credit facilities for the small business man and of the facilities available for the longer-time borrower. Professor Landry's discussion is illuminating, however, in other directions as well.

M. Étienne Martin, who is known in France by several books on the the whiskey monopoly, and on English taxation, has now attempted to cover the broader field of English fiscal and economic history in his *Histoire Financière et Économique de l'Angleterre* (*1066–1902*) (Paris, Félix Alcan, 1912; two volumes, xii, 512, 642 pp.). The book is a straightforward account of the English development, based largely upon a few current English reports and the customary secondary material. Almost no attempt has been made to break fresh ground and almost no

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attention is paid to the fresh material on special points of mediæval or modern fiscal or economic history that have been discussed during the past decade in England. While, therefore, it is a perfectly reliable and worthy book, which will no doubt be of use in France, it does not afford anything of especial value for the English reader.

Another chapter is added to the economic history of Illinois by the publication of Professor George William Dowrie's *Development of Banking in Illinois* (University of Illinois Studies in the Social Sciences, Volume ii, number 4, December, 1913; Urbana–Champaign, University of Illinois; 181 pp.) The study covers the period from 1817 to 1863 and includes a full account of the operations of all the banks from the beginning of the state's history until the abolition of banks of issue. The monograph is of importance to others than those interested merely in Illinois history, for the experiences of this state are typical of those of many of the commonwealths of the union. Of especial value is the chapter describing history of the banks during the riotous years of the internal improvement mania.

The Carnegie Institution of Washington, in an effort to gather material upon which to base a comprehensive financial history of the country, has encouraged the preparation of financial histories of the individual states. Of the monographs which have thus far appeared one of the most pretentious is William C. Fankhauser's *Financial History of California* (Berkeley, University of California Press, 1913; 101–408 pp.) The years prior to 1850 are covered in a few pages so that practically the entire book is devoted to a period of sixty years. The evolution of the revenue system and the history of the state debt and of public expenditures are set forth with great faithfulness and detail, but with a somewhat regrettable lack of information as to actual operation of the system.

The success of Professor Lewis H. Haney's *Business Organization and Combination*, first published in 1913, is attested by the necessity within a year of a new edition (New York, The Macmillan Company, 1914; xv, 523 pp.). The combination of a treatment of corporation finance with discussion of the trust problem resulted in a book which has a wide appeal. The new edition contains two additional chapters. In the section devoted to the "Structure and Life History of a Typical Business Corporation" is inserted a chapter dealing with "The Development and Organization of the International Harvester Company," and the section on "Public Policy" is strengthened by a chapter entitled "The Sherman Act and Its Interpretation."

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